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Editorial AS WE SEE IT

Congress has adjourned without doing anything of great consequence, and those elements in the Democratic party which had sought to give the impression that it would in effect write a Democratic party platform on which Messrs. Kennedy and Johnson would win the coming election are in an embarrassing position. Of course, it was obvious to all—probably including the most optimistic among the followers of Mr. Kennedy—that no broad constructive legislation could be framed and taken to the statute books in the period of time available, and obviously no such measures were ready for action. What the party managers, or those of them apparently in control at the convention, had apparently hoped Congress would do was to take two or three very "liberal" (particularly with the taxpayers' dollars) statutes to the books to which they could point as an augury of what the party would do if given control of both Congress and the White House.

This proved quite impossible and for this much we must be thankful. Skillful maneuvering placed the so-called liberal wing of the party in control of the convention, and the selection of Senator Johnson as the Vice-Presidential candidate was supposed to quiet objectors. Superficially, all looked well set at the convention, but the more conservative members of the party, particularly those with seats in Congress, have since made it clear that, convention or no convention, they still have minds of their own and are not to be driven around like a flock of sheep. Nor can any promise by the Democratic candidate to move forward vigorously on the "liberal" front if sent to the White House be taken as a foregone conclusion when he and his confrere were unable to persuade Congress (of which both are influential members) to do anything of the sort this year—or even to make a start.

Good as Far as It Goes

All this is, of course, to the good, but, unfortunately, a very definite limit is fixed to the *(Continued on page 19)*

New Trends in American Economy Affect Criteria for Investment

By A. W. Zelomek, President, International Statistical Bureau, Inc., Visiting Professor, University of Virginia*

Re-emphasizing our changing economic position today, specifically the swing to a "Leisure Market," Mr. Zelomek analyzes its effect on investment policy. Cites outmoding of some leading Stock Market Averages, in their omission of sufficient issues to reflect the economy's basic swing from industrial and commodity-producing sectors to the service industries. As investing criteria for individual newly prospering companies, he suggests: the enterprise's history, current management, financial position and expenditures for research and development.

It is becoming almost routine for a speaker or writer commenting on any phase of our socio-economic life, to begin by emphasizing the fact that the rate and direction of change today are not comparable to any other period we have known. The very words we use to describe what is happening —population *explosion*, automation *revolution*—imply not only rapid change, but also somewhat uncontrolled change, as if parts of our society have not kept pace with others. Words like nuclear fission and servo-mechanism have become common in our vocabularies where once they were reserved for the specialists. Atomic energy must enter our calculations as a peacetime reality.

A. W. Zelomek

Emphasis on the uniqueness of our position today has become frequent, but I do not believe that it can be overemphasized. Any analysis, political, social or economic, which is made within approximately the same frame of reference as was used 15 or 20 years ago, will be unrealistic and any estimates based on it will be wrong. In my practice as an economic advisor, I have found a frequent contradiction; everyone is quite willing to agree that the pot is boiling and that if we're not careful we'll be scalded with hot water, but the recognition of the changes and challenges frequently stops when we get close to each man's sphere of operations. Sure, Africa is in revolt, and the weapons of destruction we have created can hardly be imagined, and we are on our way to the moon, but what has that got to do with what I sell and how I sell it?

I suppose it is natural for success to breed complacency. We have seen this in our national life. For too many of the postwar years we tried hard not to recognize the growing power of a potential enemy, almost until it was whirling in orbit around the earth and could no longer be disregarded. I see it among businessmen and economic analysts all the time. The methods and indicators which were effective in selling a product, or predicting the value of a security are still given the same importance as before the war.

New Viewpoint

That is why I believe that the most valuable thing I can offer here is a different point of view. I am not suggesting that the time-tested indicators and methods should be unceremoniously discarded but rather that their value should be reappraised and that due weight be given to new factors which have become important in our economy. As an illustration, I must point out that one of our most widely used stock market averages hardly reflects the total stock market, despite periodic revisions. It contains no office equipment stocks, although the offfice is one of the best prospects for automation. It contains only one company which produces partly for the leisure market, although the use of leisure time has created approximately a $40 billion market. It contains only two electronic companies, although the products of these companies are vital to civilian and military *(Continued on page 25)*

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, strting on page 28.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

This Week's Forum Participants and Their Selections

Babcock & Wilcox — Maurice S. Benjamin, Partner, Benjamin, Hill & Co., New York City. (Page 2)

New York Air Brake Company— N. Leonard Jarvis, Partner, Hayden, Stone & Co., New York City. (Page 2)

MAURICE S. BENJAMIN
Partner, Benjamin, Hill & Co.
Members New York Stock Exchange, New York

Babcock & Wilcox

One of the industries that will enjoy superior growth in this coming decade is Electrical Energy sales. It would be no trick to pick the oldest and best company in this field and call it "The Security I Like Best." BABCOCK & WILCOX fits this description.

M. S. Benjamin

The products of this 93 year old company enter the life of every American through the services and products it supplies to America's industries in their constant search for better and more economical performance.

The company's engineers and scientists are well versed in the processes and requirements of many industries. Whether the question comes from a utility seeking to purchase the largest boiler in the world or from a refinery needing tubes of an unusual alloy steel, from a chemical plant desiring a special refractory for its furnaces or a steel mill with temperature control problems in soaking pits, from a shipping company looking forward to atomic powered vessels or a pulp mill with difficult boiler cleaning problems — the answer will be found in B&W's store of experience and accumulated knowledge.

This ability to help industry solve its problems has led to a growing diversity of the company. Today, B&W consists of four operating divisions—Boiler, Atomic Energy, Tubular Products, and Refractories; three subsidiaries—Bailey Meter Co., Diamond Power Specialty Corp. and A. M. Lockett & Co., Ltd.; and three service divisions—Staff, Finance and Accounting, and Research and Development.

Electrical Energy sales should more than double in the next ten years, averaging 11%-12% a year. Atomic power is on its way.

To aid the electric utilities in their search for greater efficiency, B&W has invested millions of dollars over the years in research on steam generation and combustion of fuels. Viewing of the furnace with closed circuit television permits safer and more efficient use of fuel.

The search for higher levels of economy and output may bring about even more advanced methods for producing electricity. Such unusual terms as "magnetohydrodynamics" and "thermionics" may well become as commonplace in power generation as "turbo-electric" is today.

The effectiveness of our economic and social progress depends on the effectiveness of our transportation. When transportation is mentioned — automobiles, railroads, ships, planes, or even pipe lines and conveyor systems, the chances are good that some B&W products are involved.

The first nuclear powered merchant ship in the world, the N. S. Savannah, will have her complete atomic steam generating system designed and built by the Babcock & Wilcox Co. Bailey Meter Instruments and controls, which have been used for many years on naval and merchant vessels, now are also being used on nuclear submarines. In an industry known for its automation, meters and controls have been supplied by the Bailey Meter Co. whose specialists in instrumentation for the chemical industry are constantly working on improvements in design and application. It has the contract for the nation's first privately financed nuclear power station for the Consolidated Edison Co.

The company earned $2.58 for 1959 in spite of lower shipments and the effects of the steel strike. Average earnings for the past six years were $2.50. For the first half of 1960 earnings were $1.49 vs. $1.65 for the same period last year. The company states that this year should be a good one from the standpoint of earnings.

Research and Development funds amount to about 65¢ per share.

The dividend was recently raised to $1.20 from $1.00. Current yield is about 3.90%.

The book value is $28.00.

Unfilled orders are $301 million, up $237 million a year ago.

The longer term future is very bright, and we recommend the stock for safe investment and good capital appreciation. The stock sold at 46 in 1957. The range this year has been high 38, low 28, and the current price is 31.

N. LEONARD JARVIS
Partner, Hayden, Stone & Co.
New York City
Members: New York Stock Exchange

New York Air Brake Company

Many new developments are going on at the New York Air Brake Company. As recently as 1952, 40% of its sales represented air brakes for railroads, whereas in 1959 it was only 17%. Its Aurora Pump Division has been scoring sales increases of 10% annually since 1954, which may be accelerated in the near future. Some 20 different types of centrifugal pumps of many different sizes represent two-thirds of its sales, while turbine type pumps are about one-third. NRB pumps go into materials handling devices, sewage work, pollution, and the pumping of all kinds of liquids, e.g. acids, oils, solids, temperature variations, abrasive and corrosive problems, spraying, tunnels, cooling computers, air-conditioning big buildings, boilers, generators, cooling towers, sprinklers, dishwashing machines, all nuclear ships such as the **Savannah,** cruisers, carriers and submarines.

N. Leonard Jarvis

A fantastic number of nuclear submarines may be made whoever is President! Research in naval ships will lead to commercial applications against fire, bilge, ballast, hot and cold and ice waters, distillates, contaminated evaporator feeds, sumps, water pressure sets, feed boosters, auxiliary circulating, sanitary, air-conditioning and general water services with turbine, centrifugal, vertical and horizontal types. In 1952, Aurora got 2% of the pump market and now it is getting 12% of a substantially larger overall market and soon will expand world-wide.

N. Y. Air Brake's Kalamazoo Division, making hydraulic pumps and valves for heavy off-the-road equipment, is also interesting. In just a few years its hydraulic pump has pushed up from a rating of 1000 pounds per square inch to 2000 p.s.i. with three new series this year and soon it will introduce ones with 2500 p.s.i., with no known competitors in sight. Vane pumps for machine tool industries and plastic mouldings; for more controls, movability, lower and higher pressures are being developed. Its valve program is producing valves bigger on the inside and smaller on the outside at its Hydreco Division, more compactness, equal or larger capacity at lower costs.

An even larger future potential may be found at its Kinney High Vacuum Division in Boston where sales of high vacuum equipment in three years has tripled. Its equipment can be adapted to cryogenic processing, environmental testing and missile ground support. New furnace types have been produced for processing rare and refractory metals. Its high temperature sintering furnace permits operations at over 4200F. It also has a coating process for solar energy radiation, a vacuum system for the operation in the ultra-high range (one-trillionth of normal atmospheric pressure) which represents a breakthrough to meet requirements in the simulation of outer space, production of super-pure metal films, oxides or salts applied under high vacuum upon glass, plastics or other substrates.

These coatings have high significance to producers of electronic components and equipment, optical devices, instruments, military equipment, costume jewelry, toys, etc., with its electrical films. It makes anti-static films, shielding films, insulating films, resistance films, heat reflecting films, bus bar or thick metal films as bases for printed circuits, absorbing films and is constantly developing new films and techniques. It seems that its future market potentials are big in connection with transistors, nucleonics, electronic beam projects, memory cells, air conditioning, lighting, and in compressor fields.

At Watertown, the company developed the brake cylinder release valve. In classification yards these new valves permit the release of the brakes without releasing the air and may cut time of stops to nothing from the 30 to 45 minutes required to rebuild the air in the system of each car in a train before it can start up again. Only about 10% of the cars now in use have brake cylinder release valves. This, of course, gives the railroads greater utilization of cars. NRB generally gets about 40% of the air brake business in the U. S. A. with 60% going to Westinghouse Air Brake. The company also developed a wheel slip control device for diesel-electric locomotives in which General Electric now seems interested. It could become standard for diesel locomotives as it prevents wheels from slipping when starting, and

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(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

What Should Be Done About Monetary Silver Program

By Herbert M. Bratter, *Washington, D. C.*

Forthright indictment of our silver laws calls for their repeal, rebuts arguments made recently on their behalf by Robert M. Hardy, Jr. (cf. "Chronicle," July 14, p. 12), and would consign monetary use of silver to fiduciary minor coinage. Mr. Bratter, a writer for many years on monetary subjects, declares that: (1) the goal of our silver laws has not been kept since 1942; (2) silver statutes are an anachronism which has provided a subsidy to a small sector of the economy and added to the cost of a wide-range of military and civilian products; (2) claims regarding redeemability of silver certificates are false and misleading; and (3) silver laws would have been readily expunged if, as part of its sound money policy, the Eisenhower Administration had requested its repeal.

A reading of the article on silver by Mr. Robert M. Hardy, Jr., in the *Commercial and Financial Chronicle* of July 14 suggests that it is time to review the monetary silver laws now on the books in an attempt to rectify errors of past legislation. Mr. Hardy of course speaks the viewpoint of mine producers of the metal. His company, Sunshine Mining Co., of which he is President, is one of this country's largest suppliers of newly-mined domestic silver to the U. S. Mint Bureau. Mr. Hardy and his business associates, including a hired consultant, have been propagandizing in defense of the silver program and for a still higher price of silver for several years. This is perfectly legitimate and to be expected under our system of lawmaking. But it is also perfectly legitimate for others to examine with care the arguments of any vested interest.

Herbert M. Bratter

Silver mines in this country have been benefiting from subsidy legislation in the guise of monetary legislation continuously since 1933 under one law or another. They don't like the word "subsidy" to be applied to these statutes; but subsidy it is all the same. The silver bloc's strongest friend in the Senate, Carl Hayden of Arizona, has publicly stated that the silver purchase laws were passed to aid the miners. Under present law, producers of newly-mined domestic silver may sell it on the open market, or, if they regard it to their advantage, to the U. S. mints. If they sell to the mints, it is self-evident that they have a greater advantage in so doing than would accrue from selling on the open market. The accompanying table shows the top 10 corporate deliverers of newly-mined silver to the mints in 1959. Of these, those most often heard from in defense of the subsidy are Sunshine and American Smelting.

Corporate Deliveries of Top Ten Suppliers of Silver to U. S. Mint, 1959

(In millions of ounces)

Anaconda Co.	2.7
Bunker Hill Co.	2.6
Kennecott Copper Corp.	2.3
Phelps Dodge Refining Corp.	2.3
Sunshine Mining Co.	2.0
American Smelting & Refining Co.	1.8
U. S. Smelting, Refining & Mining Co.	1.0
Hecla Mining Co.	.9
Polaris Mining Co.	.7
Magma Copper Co.	.7

Source: U. S. Mint.

The Subsidy and Its Result

Imagine a solid cube of sterling silver measuring almost 62 feet in each direction. That is how much silver is today lying idle in Treasury vaults, some of it lying there since 1878,—a monument to what is probably the most senseless and least justifiable subsidy in the history of American politics.

Nominally all this silver was acquired by the Treasury in carrying out a Congressional "monetary" policy. Actually the motive was not concerned with our currency system, but with the enrichment of silver miners, hoarders of silver in the U. S., and silver sellers everywhere in the world. Only a thin slice of the pie went to Americans, and at that most of these beneficiaries were not in the west, but in the east, where the big mining companies and their chief shareholders were domiciled. Among the foreign beneficiaries were Mexico, which soon after the silver laws were enacted, nationalized foreign oil properties; China, which sold us more silver than any other country, although the rapid scale of U. S. silver buying in 1934 and 1935 caused the Chinese and other governments officially to protest to the State Department; and India. Even Russia benefitted from silver sales.

The Silver Purchase Act of 1934 was preceeded in 1933 by other measures to "do something for silver." As executed in its early years the 1934 law proved to be a completely irrational foreign aid program that made the U. S. the laughing stock of the whole world. The wonder is that it happened in the 20th century and that the silver program is still solidly imbedded in our statutes.

In *The Coming of the New Deal*

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OBSERVATIONS . . .

BY A. WILFRED MAY

RISING BETWEEN TWO INVESTING STOOLS

In our article, "A Dancer Gives The Answer (?)," in this space on Aug. 25, we concluded that Mr. Darvas' best-selling account of his $2 million stock market winning substantiates the fact that intuitive skill is not transferable—at $4.95 per copy. Furthermore, scrutiny of the dancer's volume highlights an author's practice, evidenced in most "how-to" accounts of investing success, of unwittingly departing from his own vaunted specific "systems" to "playing by ear" or "feel."

This operational transference now again comes to our attention in a forthcoming volume *"Loeb's Checklist For Buying Stocks,"* by Gerald M. Loeb, the eminently wise, articulate, and successful Wall Street adviser (published by Simon and Schuster, N. Y., $2).

This volume, embodying a new approach by Mr. Loeb, is premised on the advantage of using pencil and paper to record the detailed items pertinent to arrival at one's investment decisions. We heartily approve of this as furthering so sorely-needed objectivity, and as replacing emotionalism with clarification and logic in one's investing policies. "One of the best lessons I ever learned on successful investing was taught to me back in the 'twenties," the author explains. "It was that I could score more successes—and avoid more failures—if I reduced to writing my reasons for each purchase or sale. Even today . . . I find I do much better if I put the pros and cons on paper."

Mr. Loeb maintains that this writing down of the various attributes of a security together with one's objectives will facilitate arrival at "the ruling reason," that is the ever-present single reason why a particular security transaction can be expected to show a profit.

Dependence On Work Sheets

This "checklist" volume contains duplicate work sheets for filling in, as applicable to any considered or held security, headings ranging from Objectives and Risks (including anticipated profit, risks assumed, price objective), to Financial Statements (including capitalization, book value, cash flow), to Valuation and Trends (via price-earnings ratios, and insider transactions).

So far, so good, for a long-term investment tool! But confusion of this apple-pie investing order soon enters with the author's introductory statement that the work sheets are primarily devised for those that look for quick profit "If you want to double dividends, double profits and halve your losses," fill out a "Why Buy" and "When Sell" Quiz Sheet. . . . And here, on both the selling and buying sides, we immediately run into the intuitive process. First under Mr. Loeb's principle of a "Ruling Reason" determining your buying decision, he points to the necessity of "correctly *sensing* the ruling reason," and similarly, adverting to the need for "genius" and "flair" to succeed. In attaching importance to judging the quality of management, too, is the employment of "feel" and intuition implied.

Scuttling His Own Principles

But it is in the case of selling decisions that the author decisively scuttles his value-appraisal principles. "Are we in a bull or bear market? Few of us really know until it is too late. For the sake of the record, if you think it is a bear market, just sell your stocks regardless of any other consideration." And clearly exhibiting the "playing-it-by-ear" offset to the professed business-value rules: "Which stock to sell first? . . . Do not sell just because you think a stock is 'overvalued.' If you want to sell some of your stocks and not all, invariably go against your emotional inclinations and sell first the issues with losses, small profits or none at all, the weakest, the disappointing actors [sic], etc. . . . not since perhaps 1920 have I been investing in the stock market without knowing that two rules and 50 words will never tell anyone when to sell."

Also in his policy with the all-important price-earnings ratio, Mr. Loeb reveals his reliance on *intuitive* guidance. "Don't be arbitrary. A very high price/earnings ratio can at times go higher. But there comes a day, too, when 'the bell rings,' and a high price-earnings ratio becomes a danger signal. How do you tell? I guess we all wish we knew."

Thus, with Mr. Loeb along with other successful speculators, the rules and the logical criteria function merely as outposts behind which successful "feel" and intuitive decisions are rationalized. And, unlike the rest of us, the Loebs exceptionally rise above, rather than fall between, the two opposing stools.

* * *

ANOTHER "PATH TO WEALTH"

Fortunate is the public in the arrival on the publication scene of a book consistently embracing investing fundamentals and logic, *("PATHS TO WEALTH THROUGH COMMON STOCKS," by Philip A. Fisher, publ. by Prentice Hall, N. Y., 211 pp. $4.95).* True it is that the "Paths to Wealth" in the title would seem to constitute mere euphemism for the popular get-rich-quick comeons; that the jacket is glamorously adorned with a reproduction of the speculative ticker tape; and carries this "easy money" blurb: "any one of these investment ideas could make you a considerable fortune." Happily however, these items turn out to be mere promotional gadgets to spoon-feed the prospective reader; the volume's content keeping uniquely aligned with realism and good sense. No doubt contributing to the author's constructive attitude, and his sparing us from just another how-to opus, is his full-time profession as an investment counsellor.

Thus, he prefaces his devotion of major space to that ever-nettlesome problem, so frustrating to the amateur, the choice of an adviser, with this idealistic characterization, "Today the average customer is a long-range investor of moderate means. He cares not an iota whether one broker can rush the order to the floor of the stock exchange 30 seconds faster or slower than another. What he wants is someone who has enough knowledge of what he is doing so that he can get dependable advice on what to buy, how long to hold it and when, if ever, to sell it. For the growing number of people who desire to do this on a long-range, not short-range basis, this is essentially the investment counsel's basis." While we feel that Mr. Fisher here is over-optimistic about the state of mind exhibited in the market place, his affirmation of sound principles can serve as a welcome outpost to lead the fast-growing investment population along the road of reason—and profit.

Criteria for Choosing Your Adviser

Fortunately specific and practical, the author lays down five steps to be taken by an investor seeking to find someone in the investment business upon whom he can genuinely depend:

Choose one who is fundamentally more interested that a transaction shall be to your long-range benefit than he is in his fee or commission. This can be determined through preliminary discussion with the candidates; and also, probably, via inquiry into others' past experience with them.

Explore thoroughly with your prospective adviser his basic investment philosophy, how he proposes to apply it to the management of your portfolio, and whether it agrees with your's.

Find out how your prospect and his organization get the data upon which his investment recommendations are made. Specifically, how does he get long-term data, qualitative as well as quantitative, from the management running your property. Toward formulating judgment in this area, Fisher offers the highly useful suggestion to use the "Scuttlebutt" method; that is, to round-out his picture of a company through quizzing outside of it, competitors and perhaps customers. Thus, he can get away from, or at least importantly supplement, present-day public relations' self serving release routine.

Show your already existing portfolio to your adviser-prospect, by way of testing his integrity, Fisher continues. See whether he is honestly frank in disclaiming knowledge about each issue you own. "The man who in the investment field pretends to know everything about everything is the one who can be quite dangerous.

In considering the adviser's past record, in our opinion a most dangerous guide, the author recommends ignoring any record of performance that is less than three years' duration. And beware of references, likely to be steered to clients for whom he has "done well."

Should You Buy Or Sell Stocks Because of Election Prospects?

With its publication midst this week's violent political campaigning (and hospitalization) the book's devotion of space to election impact on investment is timely indeed. After re-affirming the thesis that the actions of government can have a "tremendous" impact on the value of common stocks; and that there can be no denial as to what governmental influences can do, he puts the key question: is the victory of one party over the other party sufficiently important to warrant changing investment decisions from what they otherwise might be?

In de-bunking the significance investment-wise of the assumption that the G.O.P. is "good for business," is his treatment of the question at its best. Also is he sound in pointing out the divergence between the investment facts of life and one's personal political partisanship (prominently, we recall, instanced in the 1933 liquidation of their stocks by big investors whose distaste for the New Deal blinded their recognition of its inflationary influence). Since Mr. Fisher's manuscript was written before the Democratic Party's current promulgation of its distinctly inflationary (to the tune of $80 billion-or-so) "Rights of Man" platform, we do not know whether he would now similarly weight the Democrats' anti-business pro-stock market prospect.

In any event, the author's affirmative conclusions, importantly based on the advance over-discounting of the election results are interesting and timely. They are translated to the rule: if you are going to buy or sell around election time anyway, be guided by which party is favored to win in the betting odds. If it is the Republicans, do your selling just before Election Day and your buying at least one full trading day afterwards. If it is the Democrats, get your buying done prior to the election, but wait for a post-election rally before doing your selling. "If it is the Democrats who are expected to win, and an upset should occur with the Republicans showing unexpected strength, you may find your following this timing rule has been surprisingly worth while."

We grant that this deviation by the author to speculative timing from the purist path of long-term individual investment criteria, is an author's license to introduce salable timeliness to his volume. But much more significant is the omission from his long-term value philosophy of the attachment of practical specific meaning to the multiplier and the all-important price-earnings or dividend yield. Mr. Fisher makes an important all-over contribution; but the last book has not been written!

* * *

THE FUND'S BLOSSOMING UNDER THE RISING SUN

Ever more ubiquitous is the Investment Company (Mutual Fund, Investment Trust) becoming. Already proliferating, with massive American-promoted selling from William Street to Manila, this "Investor's Co-operative" is now vigorously expanding with home securities via local personnel in promotion and management, as far off as Japan.

Their growth in Japan during the past decade has been phenomenal, as specified in the following table showing the asset totals of the units outstanding:

End of Year	Total Outstdg. (billions, Yen)	$ Equivalent
1951 ______	12.6	$35,000,000
1955 ______	59.6	170,000,000
1958 ______	209.7	580,000,000
1959 ______	330.0	920,000,000
1960 (June)	410.2	11,115,000,000

This 3,200% growth in Japan far outstrips the concurrent quadrupling, from $4.4 billion to $17.8 billion) here.

The Japanese companies fall into two categories, the so-called Semi-Closed ends, or Unit Trusts; and the Open-Ends. The latter open-end type, more newly arrived on the scene, is comparable to our Mutuals. They are sold continuously, with a *load* (buying commission) of about 2%, and involve a management fee of about 2% of assets (substantially higher than here). Redemption, as here, is provided for.

The other, and considerably more popular, form of company, the "Semi-Closed" or "Unit" Trust, is sold—without any "load"—all at one time, with a fixed maturity date, of five or ten years. Redemption is permitted at any time. Thus, management is faced with "unwinding," which is encouraged in contrast to the techniques employed here to keep their capital intact.

The Japanese Funds are necessarily confining their investments to securities in Japan. While their entry into the U. S. market must await the lifting of exchange restrictions, which apparently will not occur for some years, this additional consumer of American securities is a substantial "long-long-term" prospect.

Morgan Guaranty Names Officials

Election of Carter L. Burgess as a Director of Morgan Guaranty Trust Company of New York was announced by Henry C. Alexander, Chairman of the Board. Also announced was the election of Thomas Rodd as a Senior Vice-President of the bank.

Mr. Burgess is President of American Machine & Foundry Co. He is a former Assistant Secretary of Defense and was a Director of J. P. Morgan & Co. Incorporated prior to its merger with Guaranty Trust Co. of New York in April, 1959, to form Morgan Guaranty. Since the merger he has been a member of the bank's directors advisory council.

Mr. Rodd, whose principal responsibilities are in Morgan Guaranty's general banking activity, joined J. P. Morgan & Co. in 1935 following graduation from Yale University. He became an Assistant Vice-President in 1947 and a Vice-President in 1951. From 1949 until the merger with Guaranty Trust in 1959, he also was Treasurer of the Morgan bank.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

An up-to-date analysis of our business situation and the current drive toward regional economic integration, already a major force in Western Europe, now making itself felt in Latin America, are two subjects discussed by the New York Federal Reserve Bank in its September *Monthly Review*, published yesterday, Sept. 7. A special article, 'The Emerging Common Markets in Latin America," points out the prospects and problems of two regional groupings, encompassing 12 of the 20 Latin American Republics, which have been established in the past two years.

Common Market Moves in Latin America

Regional integration has advanced farthest in the five countries of Central America—Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

The five have already agreed to eliminate barriers to trade among themselves, to establish a common tariff *vis-a-vis* third countries, and to plan and establish integrated industries serving the broader market.

In February, 1960, seven more countries agreed to free their trade with each other. In the Montevideo Treaty, the Reserve Bank noted, Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay set forth their ultimate goal as the achievement of "complementarity and the integration of their national economies" in the fullest sense.

However, the Treaty itself actually seeks only the more limited goal of a free trade area in which barriers to trade within the group will be eliminated over the next 12 years. The seven countries' huge and diverse national resources offer ample scope for the division of labor. The opportunity of serving a combined market of some 140 million persons should make it possible for even the more complex and capital-intensive modern industries to operate efficiently.

The short-run impact of a reduction of trade barriers within the two groups is likely to be no more than marginal, the article notes, since intra-regional exports account for only 4 to 8% of total exports. Over the longer run, however, the broadening of Latin American markets can serve to stimulate industrialization and to give it a more rational basis than the limited national markets.

Common markets could also contribute to greater investment by opening up profitable new business opportunities in manufacturing for both Latin American and foreign capital. The gains from economic integration are, however, dependent upon the progress Latin American countries make in maintaining internal and external economic balance, the development of an adequate regional transportation network, and the ability to permit the forces of competition to determine the nature and direction of industrial growth and trade expansion.

Hesitation in Our Economy

A second article, "The Business Situation," finds that the summer months, a traditionally sluggish period, have thus far done little to clarify the business situation. The economy apparently has continued to edge sidewise in recent weeks. Employment and industrial production remained in July at or near the high June levels, and personal income advanced a bit. Private nonresidential construction outlays showed a small gain in August, but residential construction spending declined further. Some weakness appeared in consumer demand during July and incomplete automobile and department store data suggest that consumer demand did not improve in August. The hesitant business atmosphere has been reflected in a further decrease in manufacturers' new orders and in price declines for certain industrial commodities.

On the other hand, efforts to hold back inventory accumulation, and to effect actual reductions in durable goods lines, are meeting with a measure of success. Such efforts have been a prime factor hindering expansion in output, and their easing could add strength to employment and to economic activity generally.

Bank Clearings for Week Ended Sept. 3 Are 7.8% Above Same Week Last Year

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by us based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, Sept. 3, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 7.8% above those of the corresponding week last year. Our preliminary totals stand at $25,378,548,827 against $23,549,199,152 for the same week in 1959. At this center there is a gain for the week ending Friday of 13.9%. Our comparative summary for the large money centers for week ended Sept. 3 follows:

(000's Omitted)

	1960	1959	%
New York	$13,587,242	$11,933,350	+13.9
Chicago	1,344,534	1,244,676	+ 8.0
Philadelphia	*1,000,000	1,048,000	— 4.6
Boston	761,537	720,213	+ 5.7

Nationwide Department Store Sales Up 4% From 1959 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Aug. 27, 1960, show an increase of 4% over the like period last year. In the preceding week for Aug. 20, an increase of 5% was reported. For the four weeks ended Aug. 27, a 1% rise was reported. The Jan. 1 to Aug. 27 period showed a 2% increase.

According to the Federal Reserve System department store sales in New York City for the week ended Aug. 27 were 11% above the like period last year. In the preceding week ended Aug. 20, sales were 16% above the same period last year. For the four weeks ending Aug. 29 a 9% increase was reported over the 1959 period, and from Jan. 1 to Aug. 27, there was a gain of 6% above the level achieved in the 1959 period.

September Written Off as Poor Steel Month; October Upturn Expected

Steelmakers will produce 107 million ingot tons this year, *Steel*, the metalworking weekly, predicted this week.

It says the year's output will be up 15% from last year's strike curtailed production but a far cry from earlier 1960 forecasts of up to 135 million tons.

It predicts industry operations will average 70% of capacity in the fourth quarter and 57% this month.

The magazine reports steelmakers are writing September off as another poor month and looking ahead to October.

Despite the end of vacations at many metalworking plants, there is little life in the market. Incoming orders for September are fluctuating inconclusively and are only slightly larger in the aggregate than they were for August.

The only good news comes from the East and Detroit where automotive orders for sheets are increasing steadily. Requirements for October will be the largest in many months.

Industry spokesmen are unanimous in predicting an upturn next month, but there's no talk of a boom.

Liquidation of consumer steel inventories is still being carried on, the magazine said. Many consumers have apparently decided to carry smaller stocks than ever before—pushing the warehousing function back to the mills. In view of the fast deliveries that mills can provide, a 10 million ton inventory level, once thought the minimum, now may be more than adequate.

Last week, partly because of the continued railroad strike at the Pittsburgh plants of U. S. Steel Corporation, the ingot rate slipped half a point to 53.8% of capacity. Production was about 1,533,000 ingot tons.

Steel's price composite on No. 1 heavy melting grade of scrap remained at $32.67 a gross ton last week.

Says Our Labor Suffers From Foreign Steel Competition

In a special issue, *Steel* magazine goes on to report that two million Americans have lost their livelihood since 1956 due to rising imports and lagging exports . . . and the number may grow. The publication says that the shift in foreign trade means a loss of $4 billion in sales for U. S. industry, the dislocation of 700,000 Americans (with 1.3 million dependents) who were forced out of their jobs and the loss of millions of tax dollars.

Blames High Labor Cost

The high cost of labor in the U. S. is the main reason we are losing the fight for survival in world markets, the business magazine said. Our wage and fringe payments average $2.75 per manhour. They are three and a half times greater than those paid in West Germany (80 cents) and five times those paid in Japan (55 cents). The wage differential between foreign and U. S. workers will not disappear for years.

Another cause is the industrial expansion in Europe and Japan.

Now foreign competitors have quality goods to sell overseas at prices below what U. S. firms must charge. Their factories are just as modern as those in the

Continued on page 27

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Senator John Kennedy and the rest of those who are calling for some boldness, some imaginativeness and some aggressiveness in foreign affairs are apt to get what they are calling for, but not until after the elections.

The opinion is running high in official Washington that we will have to intervene in Cuba. The announcement by Castro that he was recognizing Red China, after breaking of relations with Nationalist China was the last straw.

This is believed to be behind Mr. Eisenhower's attitude towards the Dominican Republic. A good part of Congress was horrified when he broke off relations with the Republic and subsequently sought legislation to take back this country's allotment of the sugar quota to the Trujillo Government.

Congress worked overtime in its last hours and finally refused to give the President authority to revoke the quota. He had already broken off relations and now wanted to take back its quota of sugar which in previous legislation he had been authorized to take from Cuba. This was only after a bitter fight.

Eisenhower's Actions Criticized

Assistant Democratic Leader McCormack of Massachusetts, said the President had declared war on the Dominican Republic and he would have no part of it. Congressman Cooley, Chairman of the House Agriculture Committee, voiced similar sentiments. In the Senate, Senator Smathers of Florida, declared the Dominican Republic was our best friend in Latin America which is true.

Mr. Eisenhower certainly seemed to these people to be on unsound grounds. The Organization of American States which met in Costa Rica was supposed to have chastised Cuba and to make it all fair and square to have taken some punitive action against the Dominican Republic.

Instead it took no action against Cuba directly. All it did was to say that it would brook no intrusion of Communism in American affairs. Then it applied sanctions to the Dominican Republic because as a dictatorship, it is supposed to have had to do with the attempted assassination of the Venezuelan President.

The United States is about the only nation that has any sanctions to apply to the Dominican Republic. To show it was one of the OAS boys, so to speak, it acted quickly and broke off diplomatic relations and then Mr. Eisenhower sought authority to deny the Dominicans their sugar quota which runs up to about $300,000,000 a year.

He now claims that notwithstanding Congress' failure to give him this authority he can stall off any purchase of sugar from the Dominican Republic until January at which time Congress will have further opportunity to act.

What Castro Doesn't Understand

In the meantime it looks as though he is preparing the ground for intervention in Cuba. He is showing that he is abiding by the decision reached by the Organization of American States. They wanted to apply sanctions against Trujillo. All right he is doing it. They said they were against Communist intrusion in Western hemisphere affairs. He will be acting against that.

The threat of Soviet Russia to rain bombs upon this country if we intervene in Cuba is not influencing American policy in the slightest, something that Castro apparently does not understand.

Reviving Federal Farm Board?

On to another subject, the report that Vice-President Nixon is evolving sort of a Federal Reserve system for agriculture as a new and revolutionary policy is neither new nor revolutionary. President Hoover set up the same sort of an instrument back in the '20s. It was called the Federal Farm Board and it had a revolving fund of $500,000,000 to stabilize agriculture. It got caught in the depression and went broke. It might work now.

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

Although Labor Day traditionally marks the end of summer and the beginning of a more active period for the financial industry, there was little notable in the passing of the holiday this year. The summer months are no longer necessarily quiet in Wall Street, and they were quite active this year, and September no longer necessarily ushers in a demand for securities on seasonal grounds alone. During the summer months the municipal bond market has advanced strenuously and the gains have been held to date. For example, on June 29, the *Commercial and Financial Chronicle's* index of high grade bonds showed a yield of 3.423%. On that date the Blue List total of state and municipal bonds was $425,221,900. This heavy volume seemed a decided deterrent to the market's upward swing. Today, a little more than two months later, our index firmly stands at 3.177%, about 3½ points higher than in late June. The Blue List state and municipal bond total is reported at $329,084,500 and was recently much lower. On Aug. 15, the total was but $155,475,000 which comes close to being a record of some sort.

Regardless of the August vacation period municipal bond dealers have accomplished a large volume of business during the period. Banks, of course, have been the predominant buyers of tax-exempt bonds as money has become progressively more available through appropriate Federal Reserve cooperation. Trust department buyers and other fiduciaries as well as individual investors have continued to buy as the equity market has shown less immediate prospects for the near term future. In relation to the tax tables, tax-exempts still stand out as cheap even against the drastic improvement in prices.

Reviews Summer's Highlights

The summer was inspirited by only one unusual and exciting issue and the industry is indebted to The First Boston Corp., Allen & Co., Merrill Lynch, Pierce, Fenner & Smith Inc., and Willis, Kenny & Ayres, for their dynamic leadership in bringing the $200,000,000 Chesapeake Bay Bridge and Tunnel District issue to market, and their splendid job in distributing it. This revenue issue was comprised of three separate pledges of security, totaling $70,000,000 first pledge, $30,000,000 second pledge $100,000,000 third pledge. The successful placement of these bonds in the doldrums of the summer, stands as the year's most dramatic financial accomplishment.

Another interesting event of the summer involved State of California offerings. On June 28, California awarded $75,000,000 serial bonds at an interest cost of about 3.94%. Less than two months later, Aug. 18, the state awarded $15,000,000 serial bonds at an interest cost of about 3.30%. In terms of dollars this represents an improvement amounting to about $75 per bond or more than 7½ points. Both issues were very successful underwritings. Although market improvement was a large factor, the lesser volume of the August issue was also a substantial factor.

Strength in Turnpike Issues

The dollar quoted turnpike revenue issues have shown consistent strength over the summer months. As the weekly and monthly revenue statements have been reported, improved earnings have been reflected by improving prices. The summer traffic continues to break records for most of the toll road facilities. The Smith, Barney & Co. turnpike bond yield Index was reported at 3.93% on June 30, and on Aug. 25, the last reporting date, the average yield was 3.83%. In terms of dollars this represents an average market improvement of approximately two points.

On September 7, the Alabama Highway Authority awarded $15,000,000 gasoline tax revenue serial (1961-1980) bonds to the underwriting group managed by Lehman Brothers and including C. J. Devine & Co., Drexel & Co., Phelps, Fenn & Co., Goldman, Sachs & Co. and others. This well secured and relatively short term issue should meet with a broad reception. The bonds were priced to yield from 1.70% to 3.70% which represents handsome yield for this quality of obligation.

The Alameda-Contra Costa Transit District, California also sought funds today. The $16,500,000 general obligation serial bond (1962-1980) issue was awarded to the group headed by the Bank of America, Bankers Trust Co., The First National City Bank of New York, Harris Trust and Savings Bank and a generally nationwide syndicate. The bonds were priced to yield from 1.80% to 3.30% for the 1979 maturity. The 1980 maturity bears a 1% coupon and was priced to yield 4.00%. This high grade issue seems likely to meet with immediate investor approval.

New Issues Building Up

The new issue calendar is beginning to build up as it always does at this season of the year. The total of sealed bid invitations for the next month is approximately $450,000,000 at present. The more important items are: $50,000,000 New York State Thruway guaranteed serial bonds scheduled for sale 9/12; $48,900,000 Public Housing Authority serial bonds for sale 9/14; $25,000,000 Michigan Trunk Highway serial bonds for sale 9/20; $35,440,000 Connecticut, general obligation serial bonds for sale 9/21; and $15,000,000 Louisiana serial bonds scheduled for 9/28.

We are indebted to George Hamilton for his timely comment and competent reporting during the past month. While he was pinch hitting the writer ranged between New York and the Canadian Rockies, motoring a considerable part of the distance.

Impressed With New Road Net

Whereas traveling such distances formerly was an arduous, tedious experience by motor car, it can now be quite pleasant due to our wonderful continuum of highways largely developed within the past ten years. We continue to be very impressed with the New York-Chicago Toll Highway system. The natural beauty, the safe well maintained tollways, the reasonable tolls, combine with luxurious overnight accomodations to make the trip worthwhile and enjoyable. The Illinois Toll Highway, although not as yet easily reached from the western end of the Indiana Toll road and still not coordinated with the expanding Cook County system of highways, is a splendid example of design and area foresight. The road's usefulness to the area is a tribute to its original backers.

Although the Federal highway plan has been slow in its beginnings, its positive aspects are generally apparent in the western states. Excellent, safe, dual highways are becoming general all the way west. The natural beauty of this rich area will now be enjoyed in relative comfort by millions of travelers in the near future, who otherwise have not, for reasons of expense, left their native areas. Whether in a Jeep or a Rolls the ride is now comfortable and safe.

Canada too, is doing an unbelievably good job in building and rebuilding an adequate highway system. The Trans-Canada highway through the Canadian Rocky mountains constitutes a breath taking trip with the thrills derived from the mountainous beauty as viewed from highways designed for safety and comfort.

Our highway systems will expand tremendously in the next few years with great benefits to all. It is to be hoped that it will be done without higher cost to the traveler. Already there is some evidence that high gasoline taxation is frustrating the highway user. Traveling America on our new highway system should be systematically encouraged as a national benefit.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.50%	3.40%
Connecticut (State)	3¾%	1980-1982	3.15%	3.00%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.15%	3.05%
New York (State)	3%	1978-1979	3.00%	2.80%
Pennsylvania (State)	3⅜%	1974-1975	3.00%	2.80%
Vermont (State)	3⅛%	1978-1979	3.00%	2.85%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.25%	3.15%
Los Angeles, Calif.	3¾%	1978-1980	3.60%	3.45%
Baltimore, Md.	3¼%	1980	3.35%	3.20%
Cincinnati, Ohio	3½%	1980	3.25%	3.10%
New Orleans, La.	3¼%	1979	3.55%	3.40%
Chicago, Ill.	3¼%	1977	3.55%	3.40%
New York City, N. Y.	3%	1980	3.75%	3.70%

September 7, 1960 Index=3.177%

Parker Corp. Appoints Two

BOSTON, Mass.—James I. Grace, St. Petersburg, Fla, and George J. Klauss Jr., Wichita, Kan., have been named wholesalers by The Parker Corporation, investment managers and distributors of Incorporated Income Fund and of Incorporated Invesors, third oldest of the nation's mutual funds.

The new appointments bring to 14 the number of wholesalers representing the two Funds in this country. Mr. Grace will be wholesale representative for the states of South Carolina, Georgia and Florida. Mr. Klauss will cover Kansas, Missouri and Oklahoma. The appointments are effective immediately.

Mr. Grace for the past five years has been with Bieder and Co. in St. Petersburg.

Mr. Klauss before joining The Parker Corporation, was sales manager of the Thomas Investment Company, a Wichita investment firm dealing in over-the-counter securities and mutual funds.

Williams Inv. Counselors

CHICAGO, Ill.—Williams Investment Counselors, Inc. is engaging in a securities business from offices at 3312 West Peterson Ave. Officers are S. Richard Rosenthal, President and Treasurer, and William H. Hoffman, Vice-President.

Hill, Darlington Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Lionel J. Baum is now with Hill, Darlington & Co., 80 Boylston Street.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

Sept. 8 (Thursday)			
Florida Development Commission, Florida	3,800,000	1962-1985	11:00 a.m.
Los Angeles, California	4,000,000	1961-1980	10:30 a.m.
Mt. Greylock Reg. Sch. Dist., Mass.	2,150,000	1961-1980	11:00 a.m.
New York State Thruway Authority, N. Y.	50,000,000	1985-1995	Noon
St. Anthony Indep. School District No. 282, Minnesota	1,000,000	1963-1985	2:00 p.m.
Sept. 12 (Monday)			
Mount Pleasant Sch. Dist., Mich.	1,100,000	1961-1978	8:00 p.m.
North Chicago, Illinois	2,580,000	1961-1995	7:30 p.m.
Parma City School District, Ohio	1,650,000	1962-1981	1:00 p.m.
Red Wing Indep. School District, Minnesota	1,500,000	1963-1981	2:00 p.m.
San Francisco, California	21,455,000	1961-1980	10:00 a.m.
Sept. 13 (Tuesday)			
Allegheny County, Pa.	5,400,000	1961-1990	11:00 a.m.
Brigham City, Utah	1,600,000	1965-1989	8:00 p.m
Indiana University, Indiana	3,800,000	1961-1991	11:00 a.m.
Islip Union Free S. D. No. 3, N. Y.	3,990,000	1961-1990	11:00 a.m.
Ohio (State of)	31,000,000	-------	-------
Pennsylvania State Highway & Bridge Authority, Pa.	10,000,000	-------	Noon
Ritenour Consol. Sch. Dist., Mo.	1,500,000	1961-1980	8:00 p.m.
St. Paul Park-Newport, Ind. Sch. Dist. No. 833, Minn.	1,300,000	1963-1990	5:00 p.m.
Tulsa County Independent School District No. 1, Okla.	4,800,000	1962-1975	10:00 a.m.
Sept. 14 (Wednesday)			
Arlington County, Virginia	1,700,000	1961-1985	Noon
Bucks County, Pa.	5,350,000	1961-1990	11:00 a.m.
Greenwood Metro. Sewer District, South Carolina	1,600,000	1961 1987	Noon
Hamilton Township Sch. Dist. N. J.	4,400,000	1962-1987	8:00 p.m.
Local Housing Authorities, U. S.	48,900,000	-------	Noon
Orlando, Florida	3,075,000	1964-1991	11:00 a.m.
Pennfield School District, Mich.	1,600,000	1962-1989	8:00 p.m.
Sept. 15 (Thursday)			
Black Hawk County, Iowa	2,000,000	1961-1979	10:00 a.m.
Bridgewater-Raynham Reg. Sch. Dist., Massachusetts	2,393,000	1961-1980	11:00 a.m.
Nankin Mills School District, Mich	1,650,000	1963-1988	8:00 p.m.
Prince William County, Occoquan-Woodbridge Sanitary Dist., Va.	1,250,000	1961-1985	Noon
Puerto Rico Aqueduct and Sewer Authority, Puerto Rico	10,000,000	1962-2000	11:00 a.m.
Suffolk County, New York	3,551,000	1961-1989	Noon
Sept. 16 (Friday)			
Western State College of Colorado	1,780,000	1963-2000	9:30 a.m.
Sept. 19 (Monday)			
Kenosha, Wisconsin	4,120,000	1961-1980	Noon
Sept. 20 (Tuesday)			
Michigan	25,000,000	1961-1985	11:00 a.m.
Milwaukee, Wisconsin	10,750,000	1961-1973	10:30 a.m.
Monomonie, Etc. Joint Sch. Dist. No. 1, Wisconsin	1,000,000	1962-1980	11:00 a.m.
Newport Harbor Union High Sch. Dist., California	4,270,000	1961-1980	11:00 a.m.
Springfield, Massachusetts	3,750,000	1961-1980	11:00 a.m.
Vero Beach, Florida	3,000,000	1962-1990	1:00 p.m.
Youngstown, Ohio	6,000,000	1962-1986	1:00 p.m.
Sept. 21 (Wednesday)			
Central Delaware Co. Auth., Pa.	1,050,000	1963-2000	8:00 p.m.
Connecticut	35,440,000	1963-1980	11:00 a.m.
Lancaster School District, Pa.	3,200,000	1961-1975	11:00 a.m.
West Haven Sch. Dist., Conn.	5,700,000	1961-1980	11:00 a.m.
Wooster School District, Ohio	2,000,000	1962-1981	1:00 p.m.
Sept. 22 (Thursday)			
Buffalo, New York	12,335,000	1961-1989	11:00 a.m.
West Essex Reg. Sch. Dist., N. J.	4,785,000	-------	-------
Sept. 26 (Monday)			
Edina, Minnesota	1,800,000	1962-1970	7:30 p.m.
Sept. 27 (Tuesday)			
Cleveland, Ohio	7,000,000	1966-2000	11:00 a.m.
Detroit, Michigan	16,730,000	-------	-------
Detroit School District, Michigan	10,000,000	1962-1987	-------
Northeast Sacramento County Sanitary District, Calif.	4,000,000	-------	-------
Sept. 28 (Wednesday)			
Louisiana	15,000,000	1961-1984	11:00 a.m.
Topeka, Kansas	1,194,500	1961-1970	11:00 a.m.
Sept. 29 (Thursday)			
California Toll Bridge Auth., Cal.	7,000,000	-------	11:00 a.m.
Fairbanks, Alaska	1,500,000	1961-1980	2:00 p.m.
Mount Horeb, Etc. Union High Sch. District, Wisconsin	1,050,000	1961-1980	7:30 p.m.
Plaquemines Parish, La.	2,500,000	1961-1980	11:00 a.m.
Randolph Twp., New Jersey	2,100,000	1961-1980	8:00 p.m.
Oct. 5 (Wednesday)			
Alameda Co. Water District No. 1, California	1,870,000	1970-1984	7:45 p.m.
Los Angeles Department of Water and Power, Calif.	12,000,000	-------	-------
Washoe Co., Nevada	2,500,000	1932-1990	9:00 a.m.

Present and Future Trends In the World Oil Industry

By Edward Symonds,* *Petroleum Economist, The First National City Bank of New York*

Analysis of oil industry prospects points out: (1) the surplus capacity problem is still one of manageable proportions; (2) seven international oil companies' earnings exceed those of purely domestic companies; and (3) though the per cent return on net assets shows a decline compared to two other manufacturing groups, nevertheless, dollar after-tax earnings are still the largest of all U. S. industry groups. Mr. Symonds raises and discusses several fundamental policy issues which bear on oil's future viability. He opposes recent proposals for some kind of international prorating system (cf. "A Proposal to Prorate International Oil Production," by Abdulla H. Tariki, "Chronicle," June 30, page 14) and explains what can be done without becoming ensnared in controls and regulations and, yet, without scaring investment funds away.

The American industry has come a long way since the old days when even some of the largest companies were strictly domestic in their outlook, and when there was no incentive to hunt for oil abroad—still less to bring it back and try to sell it at home. Since those days the oil industry has become the outstanding pioneer of foreign financial frontiers.

Edward Symonds

It now accounts for over one-third of the book value of America's direct private investment abroad. It has been bringing home dividends—quite apart from earnings reinvested abroad—at the rate of $1.2 billion a year, including $25 million from the ocean tanker fleet. Our First National City Bank analysis of the results of all available American oil companies contained 93 names when we started it in 1937; only five of them had any substantial foreign interests. Today it contains 131 companies, with a total of over 150 affiliates operating in 73 foreign countries. The latest import quota announcement from Washington showed 222 American companies now bringing foreign crude oil or products into this country.

Table I shows how earnings and sales of the seven international oil companies now outstrip those of the purely domestic companies, while Table II shows the prominence of the oil industry in the U. S. manufacturing picture as a whole.

TABLE I

Earnings and Totals Sales Seven Leading International Oils Against U. S. Domestic Producers

(Billion Dollars)

	International Net Earns.	International Total Sales	Domestic Net Earns.	Domestic Total Sales
1950--	1.3	13.9	1.2	0.5
51--	1.7	14.9	1.6	0.7
52--	1.8	17.6	1.6	0.8
53--	1.9	18.7	1.8	0.9
54--	2.0	19.8	1.8	1.0
55--	2.4	22.0	2.2	0.9
56--	2.8	25.1	2.6	1.1
57--	3.0	28.0	2.7	1.4
58--	2.4	27.0	2.2	1.6
59--	2.5	29.0	2.3	1.4

TABLE II

Earnings and Total Sales All U. S. Oil Companies Against U. S. Manufacturing Cos.

(Billion Dollars)

	Oil Net Earns.	Oil Total Sales	Manufacturing Net Earns.	Manufacturing Total Sales
1950--	1.9	16.7	11.2	120.6
51--	2.3	19.7	11.0	140.5
52--	2.2	20.7	10.3	149.9
53--	2.4	22.3	11.2	165.7
54--	2.4	23.0	11.8	157.3
55--	2.8	26.1	15.2	184.7
56--	3.1	30.2	15.8	212.1
57--	3.2	33.4	16.1	218.7
58--	2.6	30.9	13.2	204.7
59--	2.8*	33.5	16.1	229.8

*Preliminary — Not strictly comparable with earlier years because based on fewer companies.

Before settling down to our main concern this evening—the supply-demand situation confronting the oil industry, and some of the policy problems that it raises—we should pause for a moment to consider the impact of this burgeoning foreign activity on the areas where it is concentrated. For it is bringing about the economic transformation of countries and whole regions. There can be no parallel in history to the revolution in, say, Kuwait over the last 15 years. From a primitive date-trading and pearl-fishing port, that little community of less than 200,000 people has been projected from the Middle Ages to the peak of 20th century prosperity. It now has an oil income of some $350,000,000 a year and more cars per head than any country in Europe. It offers each of its sons free education at the college and even in the country of his choice—in Lebanon, Egypt, Syria, England or America. (Cecil Rhodes himself could not compete with such bounty!). If the problems of the Middle East still come home to haunt us, imagine what they would be like without the region's $1.2 billion of annual oil income—or if the Russians had moved in instead of the international oil companies.

Such an unexampled flow of wealth was based not only on the happy chance that oil was found, but also on the existence of hungry and growing markets in the industrialized countries. For the last five years, however, this marriage has begun to look less blissful. The Suez shortage was quickly overcome, and the world suddenly seemed to be swimming in oil. On top of rich discoveries in the Middle East and Caribbean, the deserts of North Africa, long thought of as among the most useless parts of the entire globe, have now revealed oil reserves about twice as large as those of America. The volume of proved reserves in the foreign world as a whole has gone up fivefold in the last 10 years. This has given rise to a saying that companies exploring abroad tend nowadays to be reticent about their experience—not because they have spent so much and found so little, but because they have found so much and found it so quickly.

With regard to the growth of these foreign reserves, the production based on them has also climbed steeply, particularly in the Middle East. What it does not show is the surplus of some 6,000,000 barrels a day of shut-in capacity, compared with free world consumption of some 17,000,000 barrels a day. Nor does it show the comparative ease with which extra pipelines, tanks and terminals can convert a million barrels in reserves into another million barrels of surplus.

A Sophisticated Stock Market Reaction

To a less sophisticated person it might seem strange that the astonishing success of the recent exploration efforts abroad should have given birth to the most serious oil industry recession of the last quarter century. There is an obvious appeal in the argument that companies which have gone out to find oil—and found oil—are in a stronger position than if they had only found sand and salt water; or that a company should be judged more on the growth of its reserves than on the growth of its earnings. But we bankers and economists know that this is much too innocent an approach.

The stock market, which is supposed to look at tomorrow rather than today, has shown how drastically it discounts the future earnings potential represented by the 250 billion barrels of proved oil and the untold volumes of natural gas that are now at the disposal of the oil companies of the non-communist world. Consider for instance, what happened to the value of the total outstanding stock of a representative group of 10 major oil companies. In the 10 years ending in December, 1957, they showed a fivefold increase, while the Dow, Jones Industrial Average rose only half as fast. But 1958 and 1959 saw an abrupt end to this climb. The quotations began to drift uncertainly downward. Meanwhile the Dow, Jones Industrial Average added insult to injury by continuing its climb toward an all time high. The first half of 1960 did little to improve the record, and some of the big institutional investors are still suspicious of oils.

What we all want to know, of course, is not what has happened, but what is going to happen; in oil as in other walks of life, history is a discipline, but prophecy is a delight. On this all I shall do is to mention that movements on the exchange tend to be irrational and overdone—if they were not, money-making would be too easy and probably none of us would be interested in this paper. Like any other fashion, the fashion of selling oils was likely to bring a reaction. A number of people—particularly those who retain an obstinate, old-fashioned obsession over income rather than prestige—are now impressed by the fact that some of the solidly-established oil stocks have been selling at only 10 to 15 times earnings, compared with 17 for the Dow, Jones Averages, 20 or more for some of the chemicals and metals—and around 40 for some of the glamour stocks.

In any case, it is a mistake to read too much into stock prices, and into the short-term and accidental causes that give them their maddening fascination. But there has also been an underlying gloom in the industry itself. This can probably be traced back to a basic change of feeling—a feeling that energy supplies are now entering a new era—an era of plenty instead of poverty.

An Era of Oil Plenty

If we have really entered a period of abundant and low cost energy, by what technical feats have we achieved this? Obviously, there have been great advances in oil-finding techniques over the last 15 years. There has been progress in geophysical methods, in knowledge of the age of rocks through their radioactivity and pollen content, in the development of aerial survey and photography, in the use of helicopters and in the perfecting of building methods to make the oil-searcher's life supportable in impossible places. New offshore techniques have opened theg reater part of the Continental Shelf to exploration, thus increasing the acreage of possible oil territory by one-tenth for Texas and up to a quarter for the world as a whole. Wells have been made less expensive by such devices as slim holes and tubingless completions. More than half the oil found still remains in the ground; but many improvements have been made not only in production methods but also in water-floods, LPG injection and other secondary recovery processes.

Meanwhile, there have been great advances in the efficient use of manpower. Research, planning and production problems have been increasingly handed over to computers. In terms of man-hours this means that a company can now solve in a couple of working days problems that would take a man with a desk calculator up to 20 years to complete. In one striking application of computers, better inventory control has made possible a 30% cut in the amount of money tied up in spare parts and other refinery supplies. Automation has been widely adopted in refineries, on pipelines, and at pump stations. Over-all manpower requirements have been reduced by 20% or more in many companies. In an industry in which some 15 cents out of each sales dollar is required to meet the payroll, savings like this can have a considerable impact on total costs.

Perhaps even more important has been the steadily strengthening incentive to worldwide exploration. In the 1930's "as-is" policies and the domination of world markets by seven international companies discouraged the hunt for new oil fields. The political atlas was then much simpler and tidier. Nowadays, particular sedimentary basins often have great political as well as geological possibilities. New governments are understandably interested in encouraging exploration efforts within their own borders. They have also used their new bargaining power to persuade the oil companies to undertake an unprecedented program of refinery construction abroad.

There can be no doubt that the widely spread success of the oil industry's postwar exploration effort has had much to do with the cooling off in enthusiasm for nuclear energy. It has also brought quite a change in the attitude of various exporting countries toward the companies that can hold open the door to foreign markets. On a more general plane, it has helped to take some of the sting out of the Malthusian dilemma of a rising tide of world population beating against a fixed wall of natural resources.

This May Be an Exception In the Trend

But I do not believe that we have now turned our backs for good on an era when the world

Continued on page 24

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

America's Gold — Report—Bernstein-Macaulay, Inc., 341 Madison Avenue, New York 17, N. Y.

Canadian Commission Rates and Stock Transfer Tax—Tabulation—Wood, Gundy & Co., Inc., 40 Wall Street, New York 5, N. Y.

Canadian Electrical Utilities Industry — Analysis—James Richardson & Sons, Inc., 14 Wall St., New York 5, N. Y.

Canadian Oils and Mines — September "Blue Book" reviewing 15 oils and 35 mines—Draper Dobie & Co., Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

Canadian Securities Review—Bulletin — Walwyn, Stodgell & Co., Ltd., 44 King Street, West, Toronto, Ont., Canada.

Companies of the Future (Consumer Companies and New Technology Companies) — Review—Ralph E. Samuel & Co., 2 Broadway, New York 4, N. Y.

Copper Stocks — Review—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y. Also available is an analysis of **Century Geophysical Corporation.**

Electronics—Review with particular reference to **Sanders Associates, Collins Radio, Standard Kollsman Industries,** and **Babcock Radio Engineering** — in the September Investment Letter—Hayden, Stone & Co., 25 Broad St., New York 4, N. Y. Also available are reviews of **Purex Corp., Cerro de Pasco Corp., Electronic Assistance Corp.** and **Pierce & Stevens Chemical Corp.**

Fiber Glass Industry—Analysis—Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are reports on **Borman Food Stores; American Photocopy Equipment; Avco Corp.; Chicago, Milwaukee, St. Paul & Pacific; Lockheed Aircraft; Niagara Mohawk Power; St. Louis-San Francisco; Symington Wayne Corp.; Wabash Railroad; and Western Union.**

High Yield Defensive Stocks—A portfolio — Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are analyses of the **Food Industry, Motion Picture Stocks, Savings and Loan Stocks, Steel, Women's Apparel Company Stocks; Barnes Engineering Co., Heyden Newport Chemical Co., and Thatcher Glass Manufacturing Co.**

Japanese Market—Review—With particular reference to **Mitsubishi Heavy Industries, Reorganized, Ltd.** and **Fuji Precision Machinery Co. Ltd.**—Yamaichi Securities Co. of New York Inc., 111 Broadway, New York 6, N. Y.

Japanese Stock Market — Survey —Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available is a discussion of the new administrative amendment to the foreign investment law of Japan and analyses of **Sony, Mitsui Bussan, Fuji Electric Manufacturing, Nippon Steel Tube, Isuzu Motor, Toyo Rayon, Toyota Motor, Mitsui Chemical Industry, and Kirin Breweries.**

Natural Gas Companies—Review —Hornblower & Weeks, 40 Wall Street, New York 5, N. Y.

New England Letter — Business Review—The First National Bank of Boston, Boston, Mass.

Oil Companies — Memorandum—Carl H. Pforzheimer & Co., 25 Broad Street, New York 4, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Photographic Industry with particular reference to **Perfect Photo Inc.** and **Dynacolor Corp.**—Cooley & Co., 100 Pearl St., Hartford 4, Conn.

Railroad Earnings — Review—Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available are data on **Ohio Edison Co., General Foods, Comptometer Corp.,** and **Carolina Power & Light.**

Railroad Earnings Estimates & Dividend Summary—Comparative figures — Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Railroads—Review—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y.

Stocks for Income — Bulletin—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

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Aetna Finance Company—Report—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

American Natural Gas Co.—Memorandum — R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y. Also available is a memorandum on **Detroit Edison Co.**

Anheuser Busch Inc.—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a portfolio to yield a dividend check every month.

Borman Food Stores — Review—Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill.

Bourjois—Memorandum—Draper, Sears & Co., 50 Congress Street, Boston 2, Mass.

Branson Instruments—Analysis—Steiner, Rouse & Co., 19 Rector St., New York 6, N. Y. Also available are reports on **Lytle Corp.** and **Corn Products.**

Burroughs Corporation — Data—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on **Columbia Gas System, Koppers Company, Marine Midland Corp.** and **New York, Chicago & St. Louis Railroad Co.**

Burry Biscuit Corporation — Analysis — Eastman, Dillon, Union Securities & Co., 15 Broad Street, New York 5, N. Y. Also available are analyses on **Corn Products Company** and **E. J. Korvette Inc.**

City of Omaha, Neb. — Bonds—Bulletin—The Illinois Co., Inc., 231 South La Salle St., Chicago 4, Ill.

Coastal States Gas Producing—Memorandum — J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

Cochran Equipment Company—Analysis—Hooker & Fay, Inc., 221 Montgomery St., San Francisco 4, Calif.

Collins Radio — Analysis—F. S. Moseley & Co., 50 Congress St., Boston 2, Mass. Also available is a report on **P. Lorillard Co.** and **R. J. Reynolds Tobacco.**

Columbia Broadcasting System—Analysis—Walston & Co., Inc., 74 Wall Street, New York 5, N. Y. Also available is a report on **U. S. Borax & Chemical.**

Denmark, Economic Survey, 1960 —Royal Danish Ministry of Foreign Affairs, Copenhagen, Denmark. (paper).

Design for Growth—The Story of National Gypsum Company—Dean Richmond—Baker, Jones, Hausauer, Inc., Buffalo, N. Y. (cloth).

Drackett Co. — Memorandum—A. G. Edwards & Sons, 409 North Eighth Street, St. Louis 1, Mo. Also available is a memorandum on **Frito Co.**

Draper Corporation — Analysis—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y. Also available are analyses of **Tennessee Corporation, Campbell Soup Company, Brunswick Corp.** and **American Viscose** and comparative figures on **Convertible Bonds.**

Dresdner Bank (Germany) — Analysis — Evans & Co., Inc., 300 Park Avenue, New York 22, N. Y.

Electric Storage Battery—Review —Robert W. Baird & Co., 110 East Wisconsin Avenue, Milwaukee 1, Wis. Also available are reviews of **Dayton Power & Light** and **Premier Industrial Corp.**

Electronic Associates, Inc. — Analysis — A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Eurofund Inc.—Analysis—Chesley & Co., 105 South La Salle Street, Chicago 3, Ill.

Farmers Underwriters Association —Memorandum — Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

First National City Bank of New York—Report—The First Boston Corp., 15 Broad Street, New York 5, N. Y.

General Mills—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also available are surveys of **National Biscuit** and **Newport News Shipbuilding and Drydock Co.**

General Plywood — Data—Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y. Also available data on **Schlumberger Ltd., Utah Construction & Mining,** and **Union Carbide (Australia).**

General Tire — Memorandum—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y.

Halliburton Oil Well Cementing—Report—Benjamin, Hill & Co., 25 Broad Street, New York 4, N. Y.

Harsco Corporation — Report — Thomson & McKinnon, 2 Broadway, New York 4, N. Y. Also available is a report on **Tennessee Corporation.**

Hart, Schaffner & Marx—Memorandum—Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y.

H. J. Heinz Co.—Review—Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a review of **Southern Natural Gas Co.**

Heublein, Inc. — Analysis—Glore, Forgan & Co., 45 Wall St., New York 5, N. Y.

Hilton Credit Corp. — Analysis—Dempsey-Tegeler & Co., 210 West Seventh Street, Los Angeles 14, Calif.

How to Fire Proof Your Fami'y—Employee Relations, Inc., 32 North Bayles Avenue, Port Washington, N. Y. 25¢.

Ingersoll Rand Co. — Appraisal—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

International Business Machines—Review—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available are reviews on **Family Finance** and **Northrop Corporation.**

Itek Corp.—Memorandum—Hoppin Bros. & Co., 120 Broadway, New York 5, N. Y.

Jackson's Minit Markets Inc.—Analysis—Powell, Kistler & Co., 110 Old Street, Fayetteville, N. C.

Kennecott Copper Corp.—Review —Van Alstyne, Noel & Co., 40 Wall Street, New York 5, N. Y. Also available is a review of **Reynolds Metals Co.**

Leesona Corp. — Data—Purcell & Co., 50 Broadway, New York 4, N. Y.

National Distillers & Chemical Corp. — Data — In current "ABC Investment Letter" — Amott, Baker & Co., Incorporated, 150 Broadway, New York 36, N. Y. In the same issue are data on **Bristol-Myers Co., Harsco Corp., New England Gas & Electric Association,** and **North American Van Lines, Inc.**

National Steel Corporation — Analytical brochure — L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y. Also available is an analysis of **New York Bank Stocks** with particular reference to **Bankers Trust Co., First National City Bank and Morgan Guaranty Trust Co. of New York.**

Newark Electronics Corp.—Memorandum—Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Ill.

1960 Olympic Events — Special printed book — Available on request—Banca Commerciale Italiana, New York Representative Office, 14 Wall St., New York 5, N. Y.

North American Aviation — Discussion in current issue of "Investor's Reader"—Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York 5, N. Y. Also in the same issue are reviews of **Whitin Machine Works, Puerto Rico Water Resources Authority, Bell & Gossett, International Silver Co., Fischer & Porter Co., Harsco Corp., Signode Steel Strapping Co., Di Noc Chemical Arts, American Broadcasting Co.**

Olivetti — Memorandum — Bear, Stearns & Co., 1 Wall St., New York 5, N. Y.

Operating Results of Department and Specialty Stores in 1959—Malcolm P. McNair—Harvard Business School, Soldiers Field, Boston 63, Mass. (paper), $6.00.

Optima June 1960 — Containing articles on "Nyasaland and the Future of the Federation," "Development of South African Mining Methods," "Nigeria's Magna Carta," "Atomic Energy Serves Mankind through Radio-Isotopes," "Impact of Christianity upon African Life," and "Engraving on Glass"—Anglo American Corporation of South Africa Limited, Johannesburg, Union of South Africa—2s 6d per copy (10s per year—plus bank exchange).

Pacific Gamble Robinson Co.—Report — Leason & Co., Inc., 39 South La Salle Street, Cihcago 3, Ill.

Pacific Vegetable Oil Corp.—Bulletin—de Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y.

Proctor Silex — Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Reserve Insurance Co. — Memorandum — Walter C. Gorey Co., Russ Building, San Francisco 4, Calif.

J. C. Robinson Co.—Report—Morrison & Frumin, Inc., Penobscot Building, Detroit 26, Mich.

Row, Peterson and Company—Analysis — Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Santos Ltd. — Memorandum—Dempsey-Tegeler & Co., Houston Club Building, Houston 2, Tex.

Southeastern Public Service—Memorandum — F. P. Ristine & Co., 15 Broad Street, New York 5, N. Y.

Spiegel, Incorporated—Analysis—Joseph Walker & Sons, 30 Broad Street, New York 4, N. Y.

Straza Industries — Analysis of missile-electronics stock — J. A. Hogle & Co., 40 Wall Street, New York 5, N. Y. and 132 South Main Street, Salt Lake City 1, Utah.

Taft Broadcasting Co.—Analysis —Westheimer & Co., 326 Walnut St., Cincinnati 2, Ohio.

Phillips Petroleum Co.

By Dr. Ira U. Cobleigh, Enterprise Economist

Summarized notes about this progressive oil company and its increasing profits from natural gas and petrochemicals

The oil shares have scarcely been market darlings for the past three years. There is the well known world glut of petroleum; crude prices have been soggy, and eroded by increased volume of Russian oil in the world markets. Domestically, natural gas has competed fiercely with its brother hydrocarbon; and the spate of compact economy cars, with their mousy gas consumption, has further dented the demand for oil. So it's not a time to get excited about oil stocks generally. But we think Phillips Petroleum deserves an inspection at this time because it may earn more money and pay higher dividends. It has done better than most major oils, in the past two years, and further progress is indicated for 1960.

The forward motion in Phillips Petroleum has been in three main stages. From 1917 till the late 1920's it was an oil exploration enterprise; in the 1930's it expanded substantially into refining and marketing; and since the middle 1940's has been increasingly accenting natural gas and petro-chemicals — phases of the business which are currently delivering substantially higher returns on capital.

Successful in Locating Oil

All the while, Phillips has been a most successful bird dog for oil. It has aggressively sought and found oil, not only in North America but in South America and the Middle East. It was an early entrant in Venezuela, where its Lake Maracaibo production has been excellent; and, in 1948, it entered the Kuwait Neutral Zone, where it has developed vast reserves and a major output. Phillips foreign production is now estimated at around 60,000 barrels a day. On the domestic side, oil production for 1959 averaged 124,000 net b/d plus 96,000 net b/d in natural gas liquids.

Fully Integrated Company

Phillips Petroleum is a fully integrated company, carrying on all phases of exploration, production, refining, marketing and conversion of hydrocarbons into useful fractions and petrochemicals. In the post-war era very large sums were laid out both on oil and gas, and the building and expansion of derivitive chemicals. Because of this very large across-the-board capital expenditure ($257 million was invested in 1956, the top year) extending over several years, and involving a plow back of earnings and a sizable amount of public financing, per share net has been held down. Now, with these major outlays attended to, with many hundreds of proven wells ready to be activated or reactivated, without costly exploratory or "wildcat" outlays; and with most modern petrochemical plants on stream, we should expect a much higher per share profit delivered to shareholders. Moreover, the "cash flow" this year should be in the order of $240 million.

One-Third of Sales From Natural Gas and Petrochemicals

Important to a consideration, and an appreciation, of Phillips Petroleum common is the fact that about ⅓ of gross revenues now come from natural gas and chemicals combined. The chemical sales in 1960 should rise about 18% to $270 million, and contribute perhaps 20% of the corporate net. A good petrochemical company can earn between 8% and 12% on invested capital and we should expect the competent Phillips management to turn in a performance of 10% or better.

We've talked about petrochemicals. What specifically are they? In the 1940's Phillips went in heavily for synthetic rubber and worked out an oil-fired process for production of carbon black. Research has expanded the by-products of natural gas so that Phillips now turns out not only the standard butane methane and LPG, but 14 different types of Marlex, a high density polyethylene (in rising demand for all kinds of plastics); and a new CIS-4-polybutadiene. This latter represents a great breakthrough in polymer chemistry and is the basic element for a remarkably strong and durable new synthetic rubber. Ammonia and ammonium nitrate are also in rising production. Looking ahead, there is a new specialized chemical plant at Borger, Texas, which may produce a myriad of commercial and pharmaceutical chemical elements, most of them very high profit items. Finally Phillips is in nucleonic chemistry through operation of an atomic chemical plant at Arco, Idaho.

Now all these chemicals, except the atomic variety, depend on natural gas. In the supply of this, both for delivery to pipelines, and its own manufacture of by-products, Phillips is in a most fortunate position. Four years ago natural gas reserves were estimated at 13 trillion C. F. The reserve figure is believed to be at least 20% higher today and provides a high long term supply of raw material for the company's natural gas operations which are now growing at the rate of 14% per year. Moreover, the price of natural gas, as it is delivered to transmission lines, has been rising steadily over the past decade, so that gas in the ground is worth progressively more.

While ⅔ of Phillips' business is still oil, Phillips appears better situated than other majors in the industry, by virtue of its excellent cost controls, smart product merchandizing (with a reputation for picking good service station locations) efficient refineries, and an excellent supply of lower cost foreign oils.

Thus, while blanket endorsement of oil equities, as vehicles for market advance at this time, would seem unwarranted, a pretty good case may be made for Phillips' common. It sells today around 47 and pays a $1.70 dividend. This is a yield of about 3.6% but may well be improved by a higher dividend declaration. The $1.70 rate has been unchanged for the past 3½ years, yet per share net was $2.45 in 1958, $3.05 in 1959, and should go above $3.50 for 1960. Dividends have been paid continuously since 1934.

Canadian Consolidation

The latest news about Phillips is that it will convey its entire Canadian assets to Pacific Petroleums, Ltd. These assets include substantial production and distribution facilities in West Canada. Under the arrangements agreed to, there will be outstanding 14,775,773 shares of Pacific Petroleum common of which Phillips will own 39% or 5,762,550 shares. (Sunray Oil Co. is also going to trade in its Canadian holdings, in exchange for 856,995 shares of Pacific Pete.)

As a result of the foregoing, Pacific Pete will become a $315 million company, and Phillips will have not only a large stake in it, but a major voice in management.

Convertible Bonds

For investors there is, in addition to the common stock, another interesting port of entry to Phillips Petroleum and that is via the 4¼% debentures due 1987 which are convertible into common at the rate of $50 a share. These "converts" sell at 112 and their market price should follow the common with considerable fidelity.

Whether you favor the stock, or an indirect call on it by the convertible bond, Phillips Petroleum seems to represent an oil situation of above average attractiveness. The management is energetic, the long term growth curve attractive, earnings are expanding, and dividends should increase.

J. F. Stephens With Texas Fund

HOUSTON, Tex.—J. F. Stephens, one of the nation's best known mutual fund executives has been named Vice-President and Sales Director of Texas Fund Mannagement Company, Texas National Bank Bldg., principal underwriter and investment counsel for Texas Fund. The appointment of Mr. Stephens was announced by Thomas Anderson, President of Texas Fund Management Company.

J. F. Stephens

Since 1938, Mr. Stephens has been with Waddell & Reed of Kansas City. In 1941, he was named Vice-President and played a key role in the company's progress. He is recognized as an authority in all phases of mutual funds sales and operation. As a part of his new duties, Mr. Stephens will be responsible for the entire scope of Texas Fund's national sales program.

A. W. Hough Joins Lester, Ryons & Co.

(Special to The Financial Chronicle)

PASADENA, Calif. — A Wayne Hough has become associated with Lester, Ryons & Co., 110 South Euclid Avenue. Mr. Hough formerly conducted his own investment business in Pasadena.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The market for Government securities should be able to decide soon where it is going since some of the forces which have been points of concern to it should be resolved in the very near future. It is evident that the "forward refunding" offer to owners of the $28,000,000,000 of World War II 2½'s will have to come soon or it will have to be postponed until later on in the year. It might not come along at all if it is bogged down with politics.

The Treasury will be in a new money raising operation by the end of the month and the way in which these funds are obtained could give the money and capital markets some ideas as to what to look for in the future. Also, the Treasury will be borrowing funds the balance of the year and the amount which is raised will influence the cost of these borrowings.

Short Term Rates in Next Few Months

The pattern of business is going to be the guiding light as far as the money and capital markets are concerned. This appears to be the theme of most followers of these two markets. It is evident that with the advent of fall more of the economic picture will be unfolding and the direction in which it goes will determine the amount of money and credit which will be available. Forecasts appear to indicate that business conditions are pretty much of a touch and go situation with no strong opinions yet around as to whether there will be a decided move either up or down. It seems the plateau which business is in at this time means that the policy of "ease" in money conditions will continue for the foreseeable future. This does not preclude some hardening in short-term money rates because the demand for funds will increase in the next few months as long as business is not in a recession. If there should be a sharp recovery in economic conditions there would be a greater demand for money and credit and this would push up the whole structure of loaning and interest rates.

The principal reason for an enlarged demand for funds the rest of the year will be the shift of the Government from a creditor to a borrower. And the amount of money which will have to be raised will have a tightening influence on short-term money rates particularly with the effect on the long-term sector or the capital markets depending upon the amount of funds which will be obtained through the sale of Government bonds. It seems as though the bulk of the new money which the Government will need will be raised through the sale of near-term issues even though the capital market is in good enough condition to make it not difficult to sell a bond with the right maturity. It won't be too long before the Treasury will be in the market for new funds with the announcement likely to be made the latter part of the month. What the Government does in its first fall operation will give some clues as to how this pattern of borrowing will work out in time.

"Advance Refunding" in the Forefront

The "advance refunding" is still very much in the forefront of the Government market in spite of the indecision it has brought with it, since the political aspects and the results it could produce might be the main reasons for this not being done until later on if at all. However, in spite of the politics that are involved in this "forward refunding" there is more than a passing amount of opinion that this operation will be coming along in the next few days. The way in which it will be done and the issues to be involved both in the outstanding 2½'s and the refunding obligations, will take a great deal of pressure off the Government bond market when they are made known.

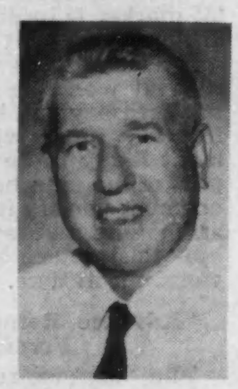
The need for selected (bond) maturities by state pension funds has brought them into the market for not only the longest Government obligations but also for corporate bonds. It is reported that some of these funds have been making their initial commitments in the nonfederal issues. The private pension funds are still not making too much use of Government bonds even though specific maturities are still being bought.

Don't Look to Pension Funds As Mortgage Credit Source

By Maurice A. Unger, Associate Professor of Business Law and Real Estate, University of Florida, Gainesville, Fla. Author "Real Estate Principles and Practices"*

Cold water is dashed on the widely held view that the rapidly growing pension funds will plunge deeply into residential mortgages. The author answers the arguments supporting this, after examining the evidence as to what has been, and will be, the trend, and deduces the contrary may actually be the case. In fact, he adds, even if the life insurance companies succeeded in being allowed to separate their slower growing pension fund assets they would merely increase their investments in corporates and not in mortgages—as have non-insured private funds.

There is a widely held view that the rapidly growing pension funds will provide an ample source of mortgage credit for the one-four family residence during the coming decade.[1] It is the thesis of this paper that any large scale participation by pension funds in the mortgage market will fail to materialize during the 1960-1970 period.



Maurice A. Unger

Support for this proposition can be demonstrated by first examining the non-insured corporate pension funds and, secondly, by examining the insured pension funds.[2]

The Non-Insured Private Funds

The total assets of non-insured funds amounted to $23 billion at the end of 1958.[3] It has been estimated that by the end of 1965, the non-insured funds will total $51.7 billion and non-insured private pension assets have been projected as high as $89 billion by 1970.[4,5]

To a large degree investment policies of financial institutions are governed by both legal and economic constraints. The non-insured pension funds are, to a small degree, limited in their mortgage financing by some state laws which prohibit trustees from investing in mortgages across state lines. However, one of the great investment advantages held by the non-insured funds is that pension funds may invest a large percentage of their assets in common stock, i.e. the New York trust law permits a 35% investment in common stocks by an investment act of 1950. Further, "the trustee is protected from a charge of anything short of gross negligence in handling funds and cannot be blamed if reserves are inadequate to meet liabilities."[6]

Thus, the non-insured funds are virtually free to pursue whatever investment policy suits their needs with very little legal restrictions and with the idea in mind that the level of the pensioner's benefits will depend upon the amount in the fund.

The past history of the corporate pension funds indicated that in 1957 (the latest most accurately available figures) four-fifths of the total portofolios of the corporate pension funds consisted of corporate securities. Investments in government obligations represented 10% of the holdings, mortgages accounted for 1.6% and the balance was in cash, bank deposits, and other assets as outlined in Table 1.

TABLE I
Corporate Pension Fund Assets, End of 1957

Type of Asset	Book Value in Millions	%
Total Assets	$19,319	100.00
Cash and Deposits	368	1.9
U. S. govt. secur.	2,032	10.5
Corporate bonds	10,392	53.8
own company	641	3.3
other companies	9,571	50.5
Preferred Stock	611	3.2
Common stock	4,770	24.7
own company	584	3.0
other companies	4,187	21.7
Mortgages	313	1.6
Other assets	833	4.2

Source: Adapted, based on statistics developed by the SEC to update Survey of Corporate Pension Funds, 1951-1954, July 1, 1958.

In terms of dollars the 1.6% shown in Table 1 represented about $313 million which was roughly .0025% of the then $121.7 billion mortgage debt outstanding.

Between 1950 and 1957, investment in corporate bonds increased from 45% to nearly 54% of aggregate holdings while proportion invested in common stocks more than doubled.[7] Without belaboring the point there appears to be ample evidence that the trend toward investing in common stock will continue. This is due to the record of past stock earnings along with the continuing threat of inflation.[8]

Examines Arguments

Some have expressed optimism that within a few years the level of prices will stabilize.[9] Thus, it may be argued that if prices do stabilize this would conceivably lead the trustees of corporate pension funds to turn to the mortgage market as an investment outlet. While this argument may have some merit, it would seem more logical to conclude that if prices do stabilize, and in the absence of a major recession, yields on corporate securities, bonds as well as stocks, would remain at a high enough level to induce pension fund trustees to continue the present trend toward corporate securities as the major item of their portfolios.[10]

The best argument for a trustee of a pension fund to invest in the stock market is probably the following statement: "In view of the relatively small size of the annual pension obligation to the total value of the trust fund, it can readily be seen that the liquidation of common stocks except for investment purposes should not ever be necessary."[11]

Thus, the past has indicated a strong preference for corporate securities on the part of pension trustees and if what Borrows and O'Brien say is true, and I believe it is, there is no reason for pension trustees to shift their future investment policies. Consequently, they will continue as relatively small investors in the mortgage market.

As has been previously indicated the **aggregate** figures indicate four-fifths of corporate pension funds is invested in corporate securities and 10% in government obligations. When the investment portfolios of the funds are broken down by size the smaller funds invest a greater percentage of their assets in government obligations and a larger proportion of their assets in common stocks than do the larger funds.[12] Thus, as funds increase in size the tendency is to invest a greater proportion of their assets in corporate bonds, as well as common stocks and less in "other" investments, and it must be assumed that mortgages are included in the "other" figures.

Who Are the Trustees?

It would seem that a final and significant feature of corporate pension funds which would lead one to believe that the amounts invested in residential mortgages will remain relatively small is to examine the question of who are the trustees of the corporate pension funds.

Between 80 and 90% of all non-insured corporate pension plans use a bank as trustee and in most of the rest of the cases a committee appointed by the employer performs this function.[13] It would appear from the past record of bank trustees that by the very nature of their training and thinking they are geared to the securities market and the market for government obligations.[14] In addition mortgages are highly sensitive to monetary policy and consequently may place bank trustees in a relatively non-liquid position from time to time where they do hold mortgages. More important perhaps is the lack of a truly organized mortgage market hindering rapid disposition of mortgages compared with corporate stocks and bonds. It is further believed that bankers have a tendency to shy from this type investment because of the high costs of servicing involved.

In many instances where the employers control the funds these funds are relatively small, and, as has been previously indicated, the smaller funds tend to be conservative and invest a larger percentage of their assets in government obligations. It is also strongly felt that the smaller funds have a greater need for liquidity than do the larger funds and will, therefore, stay out of the residential mortgage market.

The Insured-Pension Plans

In 1958 the assets of the insured pension plans totaled about $15.5 billion.[15] The total assets for insured pension funds have been projected at about $45 billion in 1970.[16]

Twenty years ago, insured pension plans held the dominant position in the pension field.[17] In the insured plans the employees receive a fixed level of benefit payments as contrasted with the non-insured plans. During a period of rising price levels pensioners suffer as a result of having been covered under insured plans. This has resulted in the insurance industry losing out competitively to the non-insured plans.[18] Therefore the life insurance industry is evidencing a strong desire to affect legislation to permit insurance companies to segregate pension fund assets from other company assets in order that these assets might be invested in equity funds. In this way they hope to regain their former dominance in the pension field.[19] If, during the coming decade, life insurance companies are actually permitted to separate their pension fund assets, it is felt that they will invest in equities.

This "segregation" could result in an even lower relative amount of funds invested in the residential market than has been previously anticipated, particularly, if the percentage of the un-segre-

Continued on page 23

1 James J. O'Leary, "Postwar Trends in the Sources and Uses of Capital Funds," *Proceedings, Conference on Savings and Residential Financing 1953*, page 26, Chicago, Ill., United States Savings and Loan League, 1958; Hoagland, Henry E., *Real Estate Finance*, Irwin, Homewood, Illinois, 1954, "A new source of investment funds that is likely to play a major role in real estate financing in the future is the private pension fund." Page 281.

2 "The principal feature distinguishing insured programs from the non-insured types is that, once a pension program is arranged with an insurance company and the costs have been determined, the insurance company itself undertakes to guarantee a certain level of benefits for the employees upon retirement. In the case of non-insured pension funds, however, the level of the pensioner's benefits will depend upon the amount of money in the fund or trust when the benefits become due upon retirement." Paul P. Harbrecht, S. J., *Pension Funds and Economic Power*, The Twentieth Century Fund, New York. 1959, page 79.

3 *Life Insurance Fact Book 1959*, Institute of Life Insurance, New York. 1959, page 38.

4 Vito Natrella, "Implications of Pension Fund Accumulations," *Proceedings, American Statistical Association*, September 1957, page 4.

5 Harbrecht, *op. cit.*, page 246.

6 Harbrecht, *ibid.*, page 72.

7 Harbrecht, *ibid.*, page 196.

8 *cf.*, Esmond B. Gardner and C. Jerome Weber, "Comparison of Common Stock and Fixed Income Investment Yields: Effect on Pension Funding," *Journal of Commerce*, New York, June 12, 1952; and W. J. Eiteman and F. P. Smith, *Common Stocks Values and Yields*, University of Michigan, Ann Arbor, 1953, page 1.

9 ". . . the trend of prices will depend upon the behavior of velocity. If velocity levels off and maintains a more or less horizontal trend, then the outlook for price-level stability will be good. On the other hand, if velocity continues to rise at its recent rate, inflation will probably continue.

"The future trend of velocity will depend on the relative strength of the various velocity determinants discussed earlier. We can confidently anticipate continued growth of real income per capita and this should exert downward pressure on velocity." Richard T. Seldon, Research Associate, National Bureau of Economic Research, and Associate Professor of Banking, Columbia University. Statement: Employment, Growth, and Price Levels, Part 4 — The Influence on Prices of Changes in the Effective Supply of Money, Joint Economic Committee Hearings, United States Government Printing Office, Washington, 1959, page 688.

10 Paul L. Howell, "Pension Funds and the Capital Market," *The Journal of Finance*, Vol. XIII, No. 2, May 1958, " . . . inflation should not play a part in determining pension fund investment policy. Investment management should get as large a return as feasible regardless of stable or rising prices. The only situation in which inflation becomes a factor is in the selection of industries and companies which will be benefited (or impeded) by changing price levels." Page 262.

11 Frederick T. Borrows and James J. O'Brien. "New Pension-Welfare Plan Policy Problems," a special issue of *Journal of Commerce*, New York. June 19, 1950, page 2 (Mimeographed, Chase Manhattan Bank); Howell, *op. cit.*, page 263 states: "It is submitted that a systematic program of periodic purchases of diversified professionally selected stock is the soundest way to achieve the lowest cost on the greatest retirement benefits."

12 Harbrecht, *op. cit.*, pages 202-203.

13 "Some 80 to 90 per cent of all pension plans of this type use a bank as corporate trustee to hold and to invest the funds in accordance with the trust agreement. In most other cases a committee appointed by the employer performs this function. In some cases—a minority—the bank merely serves as custodian of the fund's securities or other holdings and has no discretion as to investments, the employer directing all investments." Senate Report No. 1734, page 48.

14 Howell, *op. cit.*, page 235.

15 *Life Insurance Fact Book*, 1959, *op. cit.*, page 36.

16 Harbrecht, *op. cit.*, page 246.

17 Robert E. Slater, "Pension Funding with Segregated Assets," *The CLU Journal*, Volume XIV No. 1, Winter, 1959, page 21.

18 Slater, *op. cit.*, page 20, "As a matter of fact, it (the insurance industry) is actually losing many contracts presently in force to the trust companies."

19 Slater, *ibid.*, page 21.

Variable Annuity Prospects As a Financial Intermediary

By Cedric V. Fricke, *Assistant Professor of Finance, School of Business Administration, University of Michigan, Ann Arbor, Mich., and Author of recently published book, "Variable Annuities, Their Impact on the Investment Market" (Univ. of Michigan)*

The competitive impact of variable annuities is bound to hit mutual funds the hardest according to an analytical projection made by Prof. Fricke regarding the growth of this investment medium. Though the amount projected for 1975 is not relatively large, nevertheless mutual funds are urged to offer variable annuities without delay. The author: (1) points out variable annuities will provide a greater return than fixed annuities but may still not protect against inflation; (2) looks into effect of variables on stock prices; and (3) expects variables will total $5 billion by 1975, have an asset growth rate of 20% per year, increase by $1 billion annually during late 1975's, and cover 3 million persons paying for or drawing annual benefits of $1,000 each.

Recent variable annuity developments and decisions indicate that this form of retirement contract should be available to the general public soon — probably within a year. As a result anyone interested in variable annuities, particularly insurance company managers and their sales representatives, mutual fund managers and their sales representatives, as well as investors, should review these developments and plan for the future.

Cedric V. Fricke

Proper planning, however, requires more than just an analysis of the present situation. It involves an evaluation of the future which in this case presumes that the individual will make a projection of the potential demand for this type of contract.

This article provides such a projection and deals with some of the implications of it.

At present insurance companies, mutual funds and variable annuity companies plan to offer variable annuity contracts. The relative share of the total market which each of these financial intermediaries may comprise depends in part on the amount of promotion and selling effort of the institutions. For our purposes it is sufficient to think in terms of an aggregate for the industry as a whole.

Before proceeding with a projection, one other question remains, What year should be used as a projection date? The answer to this question presents a dilemma.

If the target year is in the near future, the projection of funds accumulated by the industry will be too small to be significant. This occurs since it takes some years for a program of this nature to reach a mature growth pattern. On the other hand, if the projection date is set too far in the future, the margin of error in the estimates increases because of unpredictable events. As a compromise, I have selected the middle 1970's as a reasonable projection date.

The assumptions encompassed in this prognostication may be divided into two groups.

One includes the operating procedures of the variable annuity companies and covers such things as return on invested funds, mortality experience, expenses, etc. These conditions provide a general framework of what might be called internal factors.

The second group of assumptions comprises the estimate of the market potential for the variable annuity.

This approach in making the projection provides a dynamic model which represents a fully funded operation. It therefore avoids the pitfall of making misleading statements.

For example, a perpetuity which pays $4 billion annually requires an investment of $100 billion if the funds earn 4%. If we assume that the variable annuity industry pays $4 billion annually in benefits when the industry reaches maturity, then its payout operation is similar to the perpetuity. However, the similarity between the two contracts ends at that point. The variable annuity industry if it earns 4% can pay out $4 billion annually in aeternum with a fully funded investment of much less than $100 billion.

The difference in the two contracts results from the fact that the perpetuity applies to a given group of recipients while the variable annuity applies to a continually changing group of recipients. In other words, the conclusion derived for the first contract is based on a static model, whereas the result obtained in the latter case is based on a dynamic model. The dynamic model indicates that under reasonable operating conditions an investment of a little more than $10 billion will provide an annual income of $1,000 to each of one million persons of age 65 for the rest of their lives.

A logical set of operating conditions combined with a reasonable estimate of demand implies that variable annuity companies will accumulate funds of about $5 billion by 1975. At that time the rate of growth in total assets will be in the neighborhood of 20% per year. Thus the accumulated fund will be increasing by more than a billion dollars annually during the late 1970's.

Under these circumstances premium collections during 1975 will amount to a little better than a billion dollars. The number of persons buying or receiving benefits from variable annuities will be equivalent to three million persons paying for or drawing annual benefits of $1,000 each. Once this projection has been made the question arises as to what influence this new contract may have on the amount of funds flowing from savers to users and on the channels by which funds flow from savers to users.

Inherent in this projection, yet not explicitly stated, is the assumption that the variable annuity will have no effect on the aggregate flow of savings in the economy. If consumption plus savings equal income then a change in savings brought about by the introduction of the variable annuity would result in a change in either consumption or income. This seems highly unlikely.

There is perhaps the slight possibility that an individual who buys variable annuities will feel that this means of providing for retirement is much more efficient than other means. As a result, he may feel that he can spend more than he otherwise would.

To date this factor in saving seems to be negligible. However, if more and more funds are channeled to financial intermediaries in the future through social security payments, pensions and annuities, this psychological state of mind could cause a change in the propensity to consume.

Variables Will Hit Mutual Funds And Insurance

If the introduction of variable annuities will not change the aggregate flow of funds into savings then all variable annuity purchases will represent funds diverted from other savings streams. It seems unlikely that savings and loan associations, pension funds and similar financial intermediaries will feel the impact of this new investment form.

On the other hand, insurance companies through fixed annuities and endowments, and mutual funds provide contracts which are similar in many ways to the variable annuity. This being the case, the funds which will flow to variable annuities most likely will represent funds which otherwise would have been channeled to insurance companies and mutual funds.

An examination of the relative size of mutual funds and the annuity and endowment operation of insurance companies, and a comparison of the variable annuity contract with the securities and contracts offered by mutual funds and insurance companies, indicate that most of the funds diverted to variable annuity companies will come from mutual funds.

Stated in terms of the projection for 1975, perhaps $3 of the $5 billion accumulated fund will be diverted from mutual funds and the remaining $2 billion will be diverted from insurance companies.

Although this may seem like a substantial amount of money, it must be considered in relation to the probable size of other financial intermediaries in 1975. By that time the assets of mutual funds should reach $70 billion with somewhere in the neighborhood of $60 billion invested in common stocks. A reasonable estimate of the assets of life insurance companies in 1975 can be placed at $350 billion.

Why Mutual Funds Should Offer Variables

In the light of these figures the $5 billion is not impressive especially when it is compared to the size of life insurance companies. On the other hand, an aggressive sales campaign launched by insurance companies could materially influence the mutual fund growth trend. For this reason the mutual funds should seriously consider offering variable annuities. Moreover, they should investigate these possibilities soon.

The establishment of the Keystone Retirement Equity Trust and United Variable Annuities Fund, Inc. indicated that some mutual funds have already made the decision to enter the field.

At present, the life insurance industry views variable annuities with mixed emotions. One group of insurance companies has played the role of a precursor of variable annuities, hailing them as a bonanza development, while another group has taken the part of a harbinger of disaster. It is doubtful that the variable annuity will fulfill either of these extreme prophecies.

In any case some insurance companies seem interested enough in variable annuities to register with the SEC. We may assume from this that some companies will be active in offering variable annuities.

It is obvious that the sales representatives of both mutual funds and insurance companies who sell variable annuities must become familiar with the contract. But what about the sales representatives of other mutual funds and insurance companies? It would seem that although they may not sell these contracts they must also be aware of the advantages and disadvantages of variable annuities since it would be a matter of knowing what the competition has to offer.

Compares Variable Annuities to Other Investments

To the investor the variable annuity has been described as a potential hedge against inflation. In considering the purchase of this type of contract this *raison d'etre* becomes immaterial. The question the investor must answer is which form of investment will provide him the best return.

A comparison of variable annuities with fixed annuities should be made on the basis of the expected rates of return yielded by the two contracts. Past experience suggests that the variable annuity will provide a greater return although it may still not protect against inflation.

In the case of variable annuities versus mutual funds the advantage is still with the variable annuity because of the actuarial payout. However, the greater degree of freedom and flexibility available in the purchase of mutual fund shares suggests that the investor may consider this type of investment a better way of providing for retirement.

To the investor who does not plan to buy variable annuities but does plan to buy common stocks, the availability of this new contract raises the question of what effect it might have on stock prices. Since the funds accumulated by the variable annuity operations will be invested primarily in equities a general feeling has been expressed that variable annuity companies will dominate the equity market.

It hardly seems likely that $5 billion invested in stocks by variable annuity companies between now and 1975 could have much effect on the level of stock prices. This is especially true since much of this amount would have been used by mutual funds to purchase common stocks anyway.

Impact on Stock Prices

The question of whether financial intermediaries as a group influence stock prices is of a more controversial nature.

Reasonable estimates of stock holdings in 1975 of the fastest growing financial intermediaries, mutual funds and pension funds, are $60 and $65 billion respectively. The implications of these figures with respect to the securities markets will be debated a great deal in the future.

Even though variable annuity companies may not influence stock prices directly, they may have some indirect effect by causing a change in the frame of mind of the small investor. In turn he may influence stock prices.

There are two aspects involved in this psychological reasoning. The first is the small investors may buy stocks merely because they feel stocks are a safer investment if a large financial intermediary is buying them.

The second is that the investors may buy stocks because they feel that this form of financial intermediary will continually purchase stocks and therefore provide a more or less permanent demand for stocks.

In any case these factors are probably minor but they could become significant in the future.

Joins McDonnell & Co.

(Special to The Financial Chronicle)

DENVER, Colo.—Merrill B. Berger has become connected with McDonnell & Co., Inc., Denver U. S. National Center.

The Vending Industry's Fabulous Economic Future

By Benjamin Sherman,* *Chairman of the Board, A B C Vending Corporation*

Industry leader, tracing its history back to ancient times, sees it now in the dynamic "take-off stage." Cites sharp growth in number of existing machines from 50,000 in 1925 to over 4,000,000 now. Considers industry a gainer from recession, because the machines conform to the general desire to economize. Foresees the time when everything except love and stock market tips will be vended.

The eminent historian-economist W. W. Rostow recently elaborated a new thesis of national economic growth. Nations, said Dr. Rostow, go through five stages of economic development.

Benjamin Sherman

The first is the "Traditional Society."

The second is called "Preconditions for Take-off."

The third is the "Take-off" when new industries expand rapidly, employment soars, urban areas grow, and new industrial techniques transform the economy.

The fourth stage is the "Drive to Maturity."

And the fifth is the age of "High Mass Consumption."

If I can use Dr. Rostow's theory of economic growth and apply it to the American vending industry, it would be my observation that the vending industry is today in the third, or dynamic, "Take-off" stage.

While the vending machine is fairly ancient—the first vending machine has been traced to the Egyptians, about 215 B. C., when a machine dispensed holy water in temples—the industry has been comparatively small and backward until recent times.

Only 25 years ago, if you will recall, the penny gum ball and peanut machines represented the last word in automated selling.

Then, in the 1950's, some dramatic things happened in the vending machine industry—the perfection of carbonated beverage machines, hot soup machines, popcorn machines.

There were tremendous refinements in coffee machines.

There are machines today that use instant coffee — others that batch brew-fresh coffee,—and the very latest model, which brews individual cups of coffee in six seconds time. (And incidentally, no one has to apologize for fresh brewed coffee from machines.)

Vast improvements were made in machine refrigeration, to preserve ice cream, sandwiches, cold drinks, and within the past year or two, machines have been developed which dispense full course hot meals.

Machines have been devised to vend packaged food, cigarettes, and a host of consumer items. I'm sure you have all read of the machine installed in Macy's which dispenses men's underwear for 97 cents.

Supermarkets are experimenting with machines to retail a large variety of grocery items. Probably the most unusual vending machines are the ones which dispense oxygen for exhausted athletes, and record blood pressure.

Great Growth in Service Vending

Within the past decade, the vending of services has also made great strides. By putting a coin in a machine, you can now have your shoes shined and your laundry cleaned. We can expect to see an automatic dry cleaner in Main Street stores within the next several years.

Advances in product, in packaging, in containers and leakproof, heatproof cups—have all promoted the cause of vending. Paper currency changing devices represent a very significant advance in retail automation. The day will come when every business street in our cities will have one or more of these changing devices.

Another factor, which has sparked the growth of automatic merchandising has been the rising cost of labor. Retailers, like manufacturers, will search out and utilize every conceivable avenue to save on labor costs.

Great strides have been made in reliability and in servicing of vending machines. These are no longer in the Model-T stage.

While not foolproof, today's automatic vendors can go for months, even years, with only modest mechanical servicing or repair. This factor has endeared them to many retailers who formerly frowned on having vending machines in their stores.

As a result of all these factors, the number of vending machines has grown from 50,000 in 1925 to slightly over 2,000,000 in 1950, to over 4,000,000 last year.

Growing Proportion of Mechanical Sales

Today, two out of every ten candy bars are bought in vending machines, so is one out of every six packs of cigarettes and one out of every four soft drinks.

The estimated dollar volume of items vended has risen from $20 million in 1925 to two billion two hundred million in 1959. Predictions are that by 1965, vending machines will account for $6 billion in retail sales

As I indicated at the beginning of this talk, despite the more than 100% rise in the number of vending machines in use, and dollar volume of items vended over the past decade, the vending industry is in the "Take-off" stage.

And I base this opinion on several factors.

The first is the sheer growth of population. Predictions are that by 1970 we shall be a nation of some 205-220 million people.

The second factor is the growth of America's work force. Vending machines are used extensively in office and plant feeding. By 1970, America's labor force should expand to 87.1 million from today's 73.6 million. As a consequence, more machines will be required to serve office and factory workers.

In the next 10 years, we can expect the average working week to decline from the present 39.2 to 36.7 hours, with more time available for recreation.

Wherever there is recreation, there are vending machines. More time for recreation means more vending machines.

A fourth factor is the improvement and extension of the vending machine itself. I don't think that I have to belabor the point that as machines improve, and that as the variety of articles and services vended by machines increase, the number of machines will rise.

Depression Resistant

Even though the immediate and long-term future of the vending machine industry is fabulous, can you think of one which is more recession resistant! Recessions generally mean more revenue for the vending industry, because people tend to economize and vending machines are the most economical way to dispense commodities.

What are the great growth areas in this growing industry?

Undoubtedly, one of the still relatively untapped areas for automatic selling is the factory—the so-called "in-plant feeding."

Another growth area for vending machines is the apartment house. Apartment houses, particularly those with swimming pools, constitute a new frontier for the vending machine, dispensing soft drinks, cigarettes, ice cream and candy.

You are all well aware of the surge in bowling in recent years. There are presently 9,500 bowling alleys in operation in the United States and one projection has it that by 1970 there will be 13,000.

Motels, with their emphasis on fast, economical services, is a natural outlet for the so-called "mechanical butlers" — machines which dispense towels, wash cloths, combs, shaving cream, tooth paste and other grooming and travel items.

Race tracks — horse, harness, auto, motorcycle—offer an even better market than baseball and football stadiums. In the latter, patrons are quite reluctant to leave their seats. In race tracks, there is a natural break after each event.

Movies may or may not be better today, depending on individual tastes, but the public is certainly taking to drive-in theatres — another field where vending machines are finding acceptance. The size of some of our super drive-in—it takes half an hour to walk from one end to the other—makes them suitable outlets for machines placed at strategic spots.

A minor, though hopping field, is the trampoline clubs. These clubs are enjoying great popularity out West. After everybody is all jumped out, nothing refreshes like a cold drink from a vending machine.

The discount house and supermarket chains provide a profitable field for vending machine expansion.

Recreation parks, amusement centers, zoos — wherever people congregate to play, shop or work—there you'll find vending machines in ever-increasing variety and number, dispensing the finest in food, confections, merchandise and service.

I have been in the vending industry for 35 years, and I have seen vending grow from an infant to a lusty adolescent. My only regret is that I cannot be around in the next 50 years to see vending enter the stage that Dr. Rostow calls "The Drive to Maturity," and finally, the "Age of High Mass Consumption" is when everything, except love and stock market tips, will be vended.

*From a talk by Mr. Sherman at the New York Society of Security Analysts, Aug. 9, 1960.

Bank of Montreal Names Director

Lucien G. Rolland has been appointed a director of the Bank of Montreal on Sept. 6 Mr. Rolland, is President and General Manager of the Rolland Paper Co. Ltd., and a director of the Gatineau Power Co., the Royal Trust Co., the United Auto Parts Ltd. He is also a member of the executive committee of Canadian Manufactures Association (Quebec Division) the Montreal Board of Trade (Mines and Natural Resources Section); a director of the Notre Dame Hospital and of the Canadian Red Cross Society; a member of the executive board of the Canadian Pulp and Paper Association, and a member of numerous other professional, trade and public service associations.

A Proposal to Help Banks Realize Greater Earnings

By Dr. Frances W. Quantius, *Associate Professor of Finance, The Ohio State University, Columbus, Ohio*

Banks that needlessly lose money by carelessly selecting and inflexibly managing their investment portfolio are advised to pool the services of an investment specialist—and not to rely on investment counseling or their city correspondent bank. If banks can get together in the syndicating of loans and the installation of electronic equipment then they can, the author reasons, jointly do this without the onus of collusive bidding or restraint of competition.

Significant sources of earnings are by-passed unnecessarily by many commercial banks because they concentrate almost entirely on the extension of loans. Few banks are also investment oriented in the sense that they manage a truly **dynamic** investment portfolio to enhance profit and reduce current tax liabilities by taking advantage of all of the special features, tax-linked and otherwise, which many bank-eligible securities carry in order that their market fluidity be facilitated. Certainly most banks do hold investments, and these are heavily weighted with government securities through considerations of both law and liquidity requirements. What is lacking, however, is the realization of profit potential through careful security analysis before the acquisition of particular issues and through constant skillful maneuvering within the securities portfolio as well as between the securities and the loan portfolios. Banks must be deliberately geared to investing as well as to lending.

Frances W. Quantius

The advantages of a dynamic securities portfolio accrue in varying degrees to banks in all size groups. Lack of specialist talent and concern over its provision apparently constitute one of the main barriers to the establishment of forceful investment programs and their integration with the loan portfolio. One aim here is to suggest a way for banks—even very small banks—to become active market participants and still, when necessary, relieve their own managements of the responsibilities, mechanics, and details of the market.

Criticizes Banks' Inflexibility

In the present picture the general type of problem involved is well illustrated in a recent study conducted by the Federal Reserve Bank of Kansas City.[1] The Reserve Bank examined condition statements and earnings and dividends reports of member banks in the Tenth District during the 1959 decline in market values of Treasury securities. The relative inflexibility of member banks' security portfolios indicated, for example, that only 99 of the 752 banks appeared to have taken advantage of the securities loss provision of the internal revenue code. Among those banks that did establish losses, a breakdown according to size showed that the relative amount of net losses established on securities tended to increase with the size of the bank. For example, only 6% of the Tenth District member banks with deposits of less than $2 million established securities losses of more than 1% of their average investment portfolios as opposed to 32% of the member banks with deposits in excess of $50 million.

[1] "Banks Reactions to Security Losses," *Monthly Review*, Federal Reserve Bank of Kansas City, June 1960, p. 9 ff.

Even in the case of the largest banks, however, it was pointed out that only a minority showed security losses of more than 1% of their investment portfolios. Thus, the survey revealed extreme variations in banker reactions to declines in market values of government securities — an unlikely situation had these securities been managed by investment specialists.

The Reserve Bank also investigated portfolio figures for all central reserve city and reserve city member banks in the nation to determine the extent of their unrealized losses on Treasury securities at the close of 1959. The declared values of such securities held by these banks on Dec. 31, 1959 were compared with the market values of these holdings on the same date. For both groups of banks the difference between book values and market values was large enough to indicate that the opportunity to realize considerable additional losses was overlooked.

In explanation of the results of these two studies of the nation's banks, the Reserve Bank suggests that (1) many banks are unaware of the advantages of establishing tax losses; (2) maintenance of book values of Government securities is an important consideration to the larger banks as well as to small banks, both in the Tenth District and throughout the nation; (3) many banks especially smaller banks, are reluctant to devote time and effort to planning investment shifts. It should be noted, however, that the tax advantage of investment manipulation is merely reduced, not lost, to small banks in the 30%, rather than the 50%, corporate income tax bracket. Thus in many instances, the small bank, as well as the large, is overlooking an opportunity for improved earnings.

Finds Higher Alternative Uses Ignored

In spite of current bank practices to the contrary, the advantages of taking security losses very often decidedly outweigh the disadvantages. When ultimate earnings may be increased by selling securities and re-employing the proceeds of the sale elsewhere, a switch is recommended by the Reserve Bank. This is urged even in the case of two government securities having similar characteristics but unequal yields to maturity. Banks holding such securities should increase future income by skitching funds from the lower to the higher yielding issue—regardless of the effect on the book values of investments. Generally speaking to maximize earnings on investible resources, a bank should not continue to hold securities for which there are more attractive alternative uses of an amount of funds equal to the market value of such security holdings.

As to the matter of tax treatment the Kansas City Reserve Bank stresses the fact that banks, unlike other corporations and unlike individuals, are permitted to treat net losses on government securities in any given year as stock-in-trade losses, deductible without limit from ordinary income in that year. Thus, while ordinary investors holding securities

that are classified as capital assets find that it pays to take sizable losses in years which capital gains are realized, it is more profitable for banks to take security losses in years other than those in which gains are realized.[2]

The above studies dealt with United States' Treasury securities. A similar problem exists with regard to state and local bank-eligible investments, particularly municipals. Here, too, concentrated care must be given to the purchase, shifting, or other disposal of the securities. The situation is further aggravated by the increased participation of large non-financial corporations in this sector of the money market. When these companies accumulate temporarily excess funds through retained earnings and depreciation, they offer competition to commercial bankers in obtaining local issues underwritten by investment bankers. Often the large corporation is able to take a larger block of securities than is one commercial bank so that even a bank with an expert investment staff may be crowded out of the market for a particular issue.

Proposes Pooling Investment Staff

The solution for banks that do not have an investment staff, as well as for those that have the staff but are unable to purchase in large blocks, seems to lie in engaging specialist investment talent to work on behalf of several banks, the cost being pro-rated among banks in the group. Independent banks have found it satisfactory to work as a group in connection with other functions, so why not this also? Cases in point are the syndicating of loans and the installation of automation. Nearly one-third of the dollar volume of business term loans in 1955, the latest year for which figures are available, involved participation by two or more banks, and approximately two-fifths of all long, as opposed to intermediate, maturities were arranged on a participation basis, the proportion of participations ranging from 5% at small banks to 50% at the largest banks. The reason for the forming of loan syndicates is to spread risk and to satisfy demands for credit in excess of legal loan limits of a single bank. Likewise, banks have joined in introducing automation by sharing electronic equipment to save expense.

To go one step further with joint efforts is not only logical but is really a necessity if most banks are to manage security portfolios satisfactorily. There are no other sources for many banks to tap for investment aid when what is needed is a personalized approach and continuous study of the financial positions of the separate banking institutions. Investment counseling services do not offer such an approach and are of no particular help in submitting orders to investment banks. A city correspondent bank, likewise, cannot keep in constant touch with local banks and is often hesitant in making recommendations which in case of possible error might mean the loss of local correspondent balances.

One must also consider the position of the investment banker distributing a new security issue which he has underwritten. From a mechanical point of view, he finds it expensive to handle a number of small blocks. Therefore he begins by contacting large institutions — financial or otherwise—prepared to take a sizable block. He could be expected, however, to call one specialist buying for a group of commercial banks.

Sees No Anti-Trust Taint

While there may be some anti-trust objection to the above suggestions, it should be clear upon reflection that neither collusive bidding nor restraint of competition is involved here. In fact, participating banks will be strengthened in their competitive struggle, which is itself intensified in that new participants, formerly unable to enter the market for various reasons, will now be drawn into these sectors of the money market.

We hear a great deal about the problems of bankers during the next decade, but almost always attention is centered on such factors as the internal utilization of existing resources, increased salaries and fringe benefits, and the cost of providing work space. While these things are all important, the matter dealt with here suffers from underemphasis. A bank's own investments should be regarded neither as a sideline nor as a hit-or-miss affair. There should, instead, be a conscious balancing of the lending and investing functions.

[2] *Ibid.*

Atlantic Bowling Common Offered

Sutro Bros. & Co. and associates are offering today (Sept. 8) 250,000 shares of Atlantic Bowling Corp. common stock at a price of $8 per share. The offering marks the first public sale of the company's common stock.

Net proceeds from the financing will be used by the company to repay temporary bank loans incurred primarily for the purpose of furnishing and equipping bowling centers in Warwick and East Providence, Rhode Island, and to meet similar expenses in connection with five additional bowling centers to be opened shortly. Proceeds may also be used for equipping, purchasing and opening additional centers.

Atlantic Bowling is engaged in operating modern air-conditioned tenpin bowling centers. It is currently operating three such centers in Rhode Island with a total of 168 lanes, and plans to open five additional centers in Massachusetts with a total of 208 lanes. In Rhode Island, the company operates a 64-lane bowling center in the Providence, Cranston area; a 44-lane center in Warwick and a 60-lane facility in East Providence. In Massachusetts, a 44-lane center in Holyoke is planned for completion in September, 1960; 44-lane facilities in Fairhaven and Lowell are scheduled for completion in September, 1960; a 32-lane center in Northampton is slated to be finished in October, 1960, and a 44-lane facility now building in Roslindale in the City of Boston is planned for completion in November, 1960.

For the six months ended April 2, 1960, the corporation and its subsidiaries had total income of $317,021. Upon completion of the current financing, outstanding capitalization of the company will consist of $1,909,000 of sundry debt and 500,000 shares of common stock.

Form Equity Inv. Co.

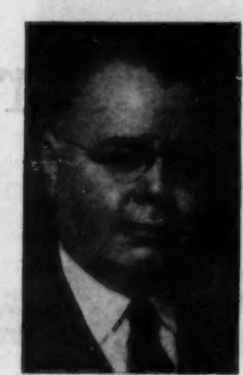
POMPANO BEACH, Fla.—Equity Investment Company is conducting a securities business from offices at 2641 Atlantic Boulevard. George E. Swope is a principal of the firm.

Bankers Today Must Look At Their Common Problems

By Jesse P. Wolcott,* *Chairman, Federal Deposit Insurance Corp., Washington, D. C.*

Long experienced in banking affairs from the vantage point of Congress and now the FDIC, Mr. Wolcott surveys the coming problems of bank management, the threatened independent status of the FDIC, and other favorable and unfavorable national legislation of current interest. Dealt with are the qualities that characterize sound bank management, the need for improved internal security to thwart defalcation and embezzlement, the civic responsibilities bankers should assume, and proposals that would, if carried out, seriously affect the banking business.

I read in one of our leading banking publications of the tremendous and growing need for management personnel in our financial institutions. The needs have been estimated to range all the way from 30,000 new top level management men to 50,000 within the next two or three years.



Jesse P. Wolcott

A weakness, if it can be described as such, in our business is the developing lack of trained and experienced personnel to replace senior level officers on the threshold of retirement. Most of these "old timers" now ready to retire, weathered the dark and cloudy financial storms of the depression years. They learned the hard way, through practical experience, how to run a good bank. I take my hat off to those who fit this category — to the old timers in banking. We owe them a debt of gratitude for the way in which they have kept the banking business on an even keel, through war and peace, through good and bad times.

However, I am sure that many will agree with me that good bank management consists of more than mere expertness in the routine aspects of running a bank. I think it demands the three essential qualities of: (1) technical competence; (2) economic understanding; and, (3) conscientious responsibility. Weak or bad bank management will result from weakness in any of these overriding qualities — and the early bank failures of the 1920's and 1930's presented many instances where banks were wrecked by management which lacked either sound conscience, competent technique or economic understanding.

Today bank management — the young people who are coming into the business — must understand economic conditions and fortify themselves as far as possible with technological and economic knowledge, in order to wisely cope with the changes which occur in a free market economy. Herein lies a job for the old timers—to pass along the accumulated knowledge that has been gained through experience to the young men and women coming into banking today.

Attracting Better Personnel

But beyond this legacy of knowledge, we must also strive to develop better techniques to meet the problems and financial demands that face us in our communities—or, in the end, lose our position of leadership in the world of finance to other, more aggressive, financial institutions, or to governmental programs dedicated to solving these same problems.

Banks recognize the need for interested and responsible directors—but let's not forget another important requirement: a competent and well-schooled staff. We must make sure that replacements are in prospect and in training for responsibilities that they, in time, will be expected to assume.

To find the caliber of personnel needed by banks, careers in banking must be made attractive and challenging.

Banks must pay the going rate to attract and keep the high type of personnel which has so long gravitated in their direction. A definite promotion policy should be worked out by the bank. There should be opportunities for prospective junior management men to participate in the making of decisions, to work on special projects, to be heard, and to obtain prestige on the job. Banking has long been known for its enlightened attitude toward fringe benefits and educational opportunities. These are strong points for a banking career and should be continued.

We know that the need for seasoned top level management personnel will double in the next 15 to 20 years, and banks able to fill their need for competent and trained managers will be those which begin now to plan for the future.

Internal Security

Let me point out another problem which plagues us from time to time. That is the possibility of a lack of internal security in some of our banks. Over the past few years the chief causes of bank failures and closings have been defalcation and embezzlement. These failures, in great measure, reflected a lack of internal protection and an inadequate system of controls and audit. There are yet some bankers who feel that an annual examination by one of the supervisory authorities can somehow serve as an effective audit, a delusion that all supervisory agencies have sought to dispel.

Records show that bank embezzlements are on the increase. Millions of dollars are taken each year; but it is not possible to make an accurate estimate of the loss sustained because many of the shortages have existed, though concealed, for years.

In the last calendar year a total of 1,632 banks reported embezzlements to the Federal Bureau of Investigation. A total of at least $13 million was involved. There were 349 convictions. This total is in contrast to 1955, when there were 260 convictions, with an estimated shortage involved of $4.5 million, involving 1,168 banks.

Motives for embezzlers' activities are many and varied; but whatever they may be, good internal controls are certainly helpful in reducing this problem.

I say again, there is no substitute for continuing internal controls, and I urge all bankers to apply all the known preventative internal security measures to insure the safe and sound continuance of their banks.

In turning to the inter-relationship between the Federal Deposit Insurance Corporation and banks, I want to state that the deposit insurance membership record is good.

Although we desire to extend insurance to all eligible banks, we do rely on the principle of voluntary membership in the Corporation, which has proven to be the most satisfactory.

The fundamental objective of the Corporation is a sound banking system: a sound banking system is one which is in a position to meet its liabilities without difficulty, but which is also in a position to serve the legitimate credit demands which are made upon it.

So far as bankers are concerned, a sound banking system means strong banking units with sound assets, with adequate capital, operated in harmony with sound banking principles and in accordance with the banking laws and regulations; in other words, a system composed of banks in strong financial condition, under proper management.

My remarks have emphasized good management. I intend to make the point frequently to stress that supervision is no substitute for good management and cannot, of itself, insure the maintenance of a sound banking system. It can only contribute to that end.

Within this finance industry of which we are a part, the Federal Deposit Insurance Corporation has earned a most enviable reputation. We are proud of our achievements, and humbled by our successes, and we seek advice and accept it judiciously. We try to answer questions by explaining reasons, rather than by sending a copy of regulations. We always seek active cooperation and understanding.

I believe Aristotle brought up this matter of understanding and appreciation several centuries ago, when he said: "The environment is complex and man's political capacity is simple. Can a bridge be built between them?"

The foundation stones for Aristotle's bridge must be information, candor, and continuous reporting to the citizens.

Through these foundation stones a bridge can be built. In our form of government, more than in any other, the bridge of understanding and support depends on information and the interest of the people.

FDIC's Independence Threatened

Now the Federal Deposit Insurance Corporation is threatened with the loss of its independence. Legislative proposals are pending before Congress which would remove the Corporation's flexibility and independence. The Corporation has vigorously opposed the notion that it should become a step-child of the Executive Branch of Government under the Budget Bureau.

We rightfully contend that the Corporation, having the responsibility for the protection of the nation's money supply, should be independent while remaining within the framework of the government. The Corporation must be a part of government in order to escape private pressures; yet, within the government, it must be free of political pressures.

Can Aristotle's bridge be built here?

The independent status of the Corporation must be continued. Will bankers show the leadership necessary to uphold this independence? I trust that all bankers will agree with me that the Corporation must be free at all times to use its techniques when and if an emergency occurs—an event that we all hope will never happen.

I like to think that the margin between success and failure is a narrow one. This margin can only be bridged by mutual concern and cooperative effort.

National Legislation

Since I have maneuvered myself into a discussion of legisla-

Continued on page 39

The General Unawareness Of Today's Indirect Taxes

By Roger Babson

In a reflective mood while taking in the sea air en route to Western Europe, Mr. Babson recalls the extent of our indirect tax bill and the public's general unawareness of how much they are paying in this manner. In observing that we pay for both our misfortunes and our comforts by higher taxes, the traveling columnist states "yet these taxes are a 'shot in the arm' to prolong our present prosperity."

As I travel about the world I am concluding that we, the people of the United States, pay the highest taxes of any nation with a responsible government. We know the direct tax bill which we get from our cities and towns, based on real estate assessments, and the direct tax bills which we get from our counties, states and Federal Government; but we fail to recognize the indirect taxes we are paying. No other country which I annually visit has such indirect taxes.

What are Indirect Taxes?

When I have a meal costing a $1.00 or more in many states there is a tax added to the bill. All of our states have gasoline taxes ranging from 2c to 8c a gallon, in addition to the federal tax. When we travel on a turnpike, or over certain bridges, the toll is another form of taxation. Some cities and states also have sales taxes which are added to the cost of our daily purchases. You may think that the government pays you your Social Security, but really you have been taxed for this for many years. Then there are the liquor and cigarette taxes, and the taxes you pay when you send a telegram, make certain phone calls, and buy transportation tickets. There are many others, too, which I could mention.

The greatest unseen tax which every consumer in the United States pays is the corporation profits tax. This applies to all corporations. It means that up to 52% of the profits of all corporations must be paid to the federal government in taxes. Those of you who receive semi-annual reports from corporations in which you hold stock know what they pay in income taxes. These taxes, however are added to the price of the goods which the corporations sell. Hence, when you buy anything from your local stores (except food, drugs, and a few other necessities) you rebate to the producers 52%. This includes refrigerators, cooking stoves, television sets, radios, as well as almost all the furniture for your house. You pay this through the increased price tag which absorbs the 52%.

Taxation Gives Employment

Strange to say, these taxes we pay give employment to people. With less taxation there could be more unemployment. Hence, this taxation-employment is a sort of "ring around the rosy," or is like a monkey trying to climb a wheel in his cage. It is almost like a man trying to cure himself of drinking by taking more drinks! With some nations of Europe the taxation system has ultimately resulted in socialism, revolution, or communism.

With each of the presidential candidates trying to outdo the other in promises. I don't know what the end will be. I continue to be glad that I am an American citizen. There is no other part of the world where I would rather live than in the United States. We pay for both our misfortunes and our comforts by higher taxes, and yet these taxes are a "shot in the arm" to prolong our present prosperity.

Is the U. S. a Welfare State?

No it is not, compared with many other countries in Europe. The most marked example is Sweden, which I visited last year. There the mother is helped while the baby is being born, and is cared for during the first five years. Citizens can get free hospital service as well as free education. The railroads, telephones, and busses are owned by the people. The government builds and operates co-operative stores and many places of amusement. However, I found these were not appreciated by the people; instead, they were complaining about the high taxes. This is also evident in Denmark, and even in England.

Human nature seems to be about the same all over the world, although I found a better spirit in West Germany than anywhere else. There the people seem to realize that in the end they get what they produce, and hence are willing to labor hard and do excellent work.

The threatened revolutions throughout the world today, whether in Cuba or Central Africa or Southeast Asia, are based on a determination to get more and do less. However, the situation in China, which I hoped to visit this year but have been forbidden to by our government, is based upon people awaking from a sleep of many centuries. Here are 650,000,000 people, with 1,000,000 being added every month!

McCabe With Schmidt, Sharp

(Special to The Financial Chronicle)

DENVER Colo. — William E. McCabe has become associated with Schmidt, Sharp & Co., Inc., 818 Seventeenth Street. Mr. McCabe, who has been in the investment business in Denver for many years, was formerly President of W. E. McCabe & Company Incorporated, which has been absorbed by Schmidt, Sharp & Co.

William E. McCabe

Investment Programs

ROCKVILLE CENTRE, N. Y.—Investment Programs Company has been formed with offices at 75 Marlborough Court to engage in a securities business. Max Liebowitz is sole proprietor.

Daniel Leeds Opens

HADDONFIELD, N. J.—Daniel S. Leeds is engaging in a securities business from offices on Springdale Road under the firm name of Leeds Securities.

Form Arthur Milton Co.

Arthur Milton & Company, Inc., 500 Fifth Avenue, New York City, has been formed to engage in a securities business. Arthur Milton is President; Dominick Dragonetti, Vice-President; Vincent Cafarcho, Treasurer; and Phyllis Popper, Secretary.

Air Conditioning Industry—Its Problems and Prospects

By Joseph B. Elliott, President, York Division, Borg-Warner Corp.*

Prominent company official hails the new industry's recent growth to equipment's installed value now half a billion dollars. Predicts annual sales of $2½ billion by 1965, $4½ billion by 1970, and $5½ billion by 1975—representing a 360% gain in 15 years. Scores over-emphasis of price, as disregarding the public's buying habits. Forecasts air-conditioning to constitute standard automobile equipment on half that industry's sales by 1965.

The history of the air conditioning industry, as a recognizable industry, has been written during the lifetime of practically everyone—and during the adult lifetime of *most* of us. I think it's entirely fair to say that those responsible for getting this industry started had more courage, and vision, and foresight—more of almost anything you want to name — than many people in the business today.


Joseph B. Elliott

You could hardly *find* the installed value of air conditioning on a reasonably-sized chart before 1940. By 1950 a steady rate of growth had carried the total up to just about half a billion dollars. In the early 50's the angle of climb on our chart picked up a little and finds us in 1960 with an annual installed value of a billion and a half dollars.

That's where we are today — an industry representing an investment in manufacturing, selling and servicing facilities that runs into the billions. We have more than 400 plants and factories creating employment for approximately a million people with more engaged in supplying the needs of these factories. More than 50,000 merchants make all or part of their living from our products.

Although the refrigeration side of our business has a much longer history, it is of less concern to most of you in the "student body" today. However, many of the things I have to say are applicable to both air conditioning and refrigeration.

Sufficient to say that this young air conditioning industry has grown to an important dollar volume in just about a dozen years. It still has growing pains and a lack of mature judgment. It's a highly competitive business that is dominated by no single interest. We're all contending for the customer's favor—and his dollars.

Potential Not Yet Realized

Unfortunately, we aren't contending *hard* enough, or *smart* enough, to realize even a part of our true potential. Just a glance at what automobiles, and radio, and television, and household refrigerators have done to achieve major market penetration will show you what I mean.

It's hard for me to understand how an industry that makes a product as useful and as good as ours has been able to *avoid* making a better showing in the market places.

As I stand here today, speaking as a representative of an air conditioning industry that is currently selling at the rate of a billion and a half dollars a year, we have to face the fact that we have only about 8% saturation of the vast residential and commercial market. If we can believe the most informed projections available to us, on the basis of *current* performance we will be installing at the rate of two and one-half billion in 1965, four and one-half billion by 1970 and more than five and one-half billion by 1975.

At first glance, that sounds like a pretty healthy growth—360% in 15 years. Keep in mind, however, that we will have *more people* spending *more* money for durables in 1975—at least 175% more current dollars. In case you still think that a relative gain of 155% in 15 years is good, let me point out that this will carry our present 8% saturation of this vast potential market to a total of only *20%* by 1975.

Vital Leadership Needed

I, for one, am not willing to settle for that, and I think that with the proper leadership from your industry and your factories; with the proper cooperation from distributors and dealers, *you* won't have to settle for it either.

Let me tell you a little story and paint one more economic picture before I look in the crystal ball again.

The story concerns a man who built a new house and furnished it and landscaped it with everything he and his wife wanted except an air conditioner and a pear tree. Their budget would permit them to buy only one or the other. A friend advised him to buy the air conditioner and wait until the first day of Christmas. If the old English song was right, his true love would then give him a partridge in a pear tree.

Not to keep you in suspense, the home builder finally bought the pear tree in the fall and the air conditioner in the spring.

Now, this *isn't* an unusual story—and *that's* what makes it important. It isn't unusual because almost everyone of us, and everyone we know, and everyone we see, has choices similar to that to make all the time. It may be a dishwasher instead of an air conditioner, or an outboard motor instead of a pear tree—a second car, a trip to Florida, an enclosed porch—but we have decisions to make on *how* we spend our money.

That, my friends, is of real significance. Never in the history of mankind have so many people had so much money to spend and so wide a choice of how they spend it. And, as the man once said, "you ain't seen nothing yet."

Our Present Economic Health

Two of the standard ways of measuring our economic health and our ability to buy consumer goods are Gross National Product and Disposable Income. The things that have happened and will continue to happen to these two sums are almost beyond belief. Our Gross National Product—the total value of all the goods and services produced in this country in any one year—was $100 billion in 1940—$300 billion in 1950—$500 billion today—it will hit $700 billion by 1970 and $850 billion by 1975.

Out of this tremendous production of goods and services will come our disposable income—the amount left each year after housing, food and other basic necessities are paid for. In 1940 you had $500 in disposable income for every man, woman and child in this great country. This had risen to $1,400 by 1950 and to $2,000 this year. By 1970 it will pass $2,500 and be close to $3,000 by 1975, fantastic as it may sound. I call it fantastic because we will have more money to spend, *per person*, on just things we *want* than the average total income *per family* in 1940.

There is the target of the air conditioning industry in the years ahead. *More* people with *more* money to spend on the things they *want*. It will be up to us to compete as we never competed before—not just with each other but with the thousand and one things Americans already want or will soon become convinced they want.

Too much emphasis has already been put on price alone. The public has lost faith in our values when they continually see ads that shout: "now, only $179—List $345." Even worse, all we offer then for their $179 is a box full of strange machinery and some jargon about BTU's or horsepower.

Public's Buying Preferences Must Be Underscored

The air conditioning industry, if it is to realize its true potential, has got to realize *what* it is that the public is buying. They're buying the convenience and independence and prestige of two cars. They're buying the entertainment and education and "you-are-thereness of television." They're buying homes for togetherness and delightful informal entertaining—trips for romance and adventure—clothes for style and carefree neatness—soaps that are kind to hands and hair dressings that attract the opposite sex.

Price Not Sole Motive

They may shop similar products for features and different products to decide which they want the most. Price does enter into the picture, but not to the extent that many people believe, if the public really *wants* something. This industry of ours has everything in its favor but approach — an approach that convinces the public of the real desirability of air conditioning. An approach that really sells the *benefits* to every member of the family—benefits of health and comfort, of restful sleep and well-balanced meals all year, of children napping and calm nerves, of gracious entertaining and clean homes and longer lasting drapes and upholstery.

Even without this approach, the air conditioning industry will make more money in the years ahead because there is *some* good advertising, and *some* intelligent selling, and a *lot* of word-to-mouth recommending going on. Just watch our smoke when the entire industry wakes up and starts selling the *benefits* of a *quality* product. When this industry really gets smart, we'll make some major inroads on the 300,000 industrial plants, 1,300,000 classrooms and 50,000,000 households that are not now air conditioned.

We've seen a lot of dollar signs in the old crystal ball—but what are we going to be selling for these dollars?

A lot of the air conditioning products 15 years from now will be only refinements of those now on the market. I know, just from our own research and development work, that you will see improvements in quality and performance, in lower sound levels, better controls and simplified maintenance.

There will be further efforts at miniaturization, although we must make greater strides in technology before the really portable high-performance room unit can be built. Before we see this kind of unit, I'm sure you will have much better central residential year-round air conditioning. We'll see more and more builders offering air conditioning as "standard" equipment, just as a heating plant is considered standard today.

At the strides automotive air conditioning is making, it will soon be almost as commonplace as the car radio and automatic transmission. Ten years ago there were less than 3,000 car conditioners produced a year. The 100,000 annual figure was reached about 1955 and we will see close to 750,000 units installed this year. The crystal ball tells me that half of all new cars will roll off the assembly lines five years from now equipped with air conditioning.

We already have half of the so-called luxury cars—Lincoln and Cadillac—being sold with factory installed air conditioning. The percentage drops off as we move down the price scale to about 7 or 8% for the "big three" and even less for the compacts. Across the board, about 12½% of the 1960 cars are being sold with air conditioning.

Just mull this over for a moment—if my prediction is anywhere close, you'll have the automotive industry increasing their sales of a fairly expensive accessory from about 1½% of the new car market in 1955 to 50% in 1965. They are already selling a higher percentage of their prospects than we are. It's obvious that they are doing a better job of creating a demand for their product than we are for ours.

If we're able to take some lessons in how to build a market, within a very few years it won't be at all unusual to have a large part of our population leave their air conditioned homes in an air conditioned automobile; catch an air conditioned train or bus to an air conditioned office; lunch in an air conditioned restaurant and visit an air conditioned factory before starting the trip home.

While this is happening to "pop," the youngsters will be attending air conditioned schools that can be put to a wide variety of community and educational uses almost every day and night of the week, all year round, and "mom" will be at the shopping center moving from air conditioned store to air conditioned store on an air conditioned sidewalk. Properly covered, an air conditioned city is within easy reach of our present technology.

I am far from being the first to predict that one of these days our nation will wake up and realize just how important it is to control the climate in which we spend most of our waking and sleeping hours—important from the standpoint of productivity, health and happiness.

Health Benefits

I'm sure many of you are aware of the studies that have been made of the highly beneficial effects of air conditioning on victims of heart troubles, as well as other serious illnesses. It won't be long before we are able to carry this a step further and give scientific evidence of something many of us already believe—that if air conditioning will help an ill person or an ill heart get well, it can do just as much to help a well person or a well heart *stay* well.

One bit of such proof came out of Texas not long ago, and I assure you it isn't a Texas tall tale. A study was made of two almost identical housing developments, one with air conditioned homes and one without. It was found that there were less colds and illnesses, better balanced meals during hot weather, more home entertaining, lower cleaning bills for home furnishings, and more babies born among the residents of the air conditioned homes. I have no comment on the last statistic.

When we succeed in making facts such as this common knowledge, and when we are able to get the real benefits of air conditioning known and accepted by the general public, then air conditioning sales will start to live up to their predictions.

So far, we have talked about the *evolution* of air conditioning in next few years. I am frequently asked if there is to be a revolution. I have to say both "yes" and "no." Yes there will be a revolution in technology to some extent and no it isn't going to wipe our existing industry and products off of the map.

We are *already* entering the age of thermoelectrics. You may have seen news stories about a Navy contract awarded my company to develop a thermoelectric air conditioning system for submarine use. We aren't far away from pressurized space suits for astronauts that are thermoelectrically heated and cooled. We will see great strides in this field within the next ten years, but we are still some distance away from large-scale mass produced residential or commercial thermoelectric air conditioning that is either economical to buy or to operate.

I know that you will see further advances made in gas-powered air conditioning within a short time. Considerable effort is being put against development work in this field by the gas industry and by air conditioning manufacturers. A number of such units have already been made and sold. Some are entirely competitive with electric powered air conditioners in many respects and will become even more so. I believe that you will be hearing more of residential absorption systems within the next couple of years. This is certainly a logical development of a highly efficient, quiet and dependable type of year-round heating and cooling system.

Anything I could say outside of the areas of improved existing equipment, expanded use of better gas equipment, and slow development of consumer thermoelectric applications over the next five to ten years would be pure conjecture and better left to a speaker with a much clearer crystal ball than I possess.

The picture of the future that comes through loud and clear is one of great hope—of increased sales to a continually growing and generally prosperous market—of an industry that realizes the necessity of selling quality and benefits to its customers—and of informed dealers who sell service and dependability to a public they help to educate.

It is only through our mutual efforts that this picture will become the rainbow-colored three-dimensional spectacular *MY* crystal ball says it *can* be.

*An address by Mr. Elliott before NARDA Management Institute, American University, Washington, D. C., Aug. 12, 1960.

Midwest Exch. Members at Peak

CHICAGO, Ill. — The number of investment firms who are members of the Midwest Stock Exchange today stands at a new high since the mart was formed in 1949, it is reported in the Exchange's September newsletter. Membership price has also reached a peak of $11,000.

The Midwest Exchange now has 312 members firms from 49 of the 50 states within the total membership of 400 individual members. "Undoubtedly, the basis for MSE's rapid strides in both share and dollar volume has been the continuing drive for new and active members," the article says.

Pacific N. W. IBA Group to Hear

PORTLAND, Ore.—S. H. Bellue, President of the Western Electronic Manufacturers Association will be a guest speaker for the Pacific Northwest group meeting of the Investment Bankers Association at the Sheraton-Portland Hotel, Sept. 8, 9 and 10.

The Western Electronic Manufacturers Association, is composed of more than 300 electronic manufacturing firms in the 11 Western States.

Bear, Stearns Branch

LOS ANGELES, Calif. — Bear, Stearns & Co. has opened a branch office at 621-629 South Spring St. under the management of Robert L. Boorstin.

THE MARKET . . . AND YOU

BY WALLACE STREETE

The price irregularity that cropped up late in August persisted in the stock market once Labor Day was out of the way to keep bullish enthusiasm restrained. But the market's reluctance to give ground importantly was of little consolation to the bears, either.

There was little, except hope, for the market to respond to as summer business ended. Steel orders are still short of lifting production out of its depressed level, and the auto picture is a jumbled one with the new models being introduced and production held to the low side to clean out the inventories of 1960 cars.

The market still reflects rather high hopes, as was illustrated in Universal Match when management indicated that its earlier earnings estimates were about on target. The hopes had been for a profit surge above the earlier predictions because of a forthcoming merger. But the merger won't be consummated until sometime next month and the company statement didn't indicate that it will change the prediction materially. The stock promptly made the casualty list although there was little to this outlook that was distressing; just a case of over-enthusiastic expectations.

Optimistic Technicians

For the overall market, there were some technicians who were still optimistic. The August rally had carried the industrial average 45 points higher in only 15 trading days. This was considered too fast and called for a correction. And that came along when half of the gain was wiped out in a mere half a dozen trading sessions.

Also contributing to the hopeful sentiment is the fact that business normally rebounds from the summer slump in the fall and despite the few laggard spots such as steel production, the general economy has been running in high gear with no sign that there is to be a sharp reversal.

Any rebound would be encouraging to alleviate to some degree the profit pinch apparent so far this year and destined to be even more apparent when the third quarter reports reach flood tide early next month.

None of this has been heartening to the steel stocks but they haven't been overly prominent on the losing side lately, U. S. Steel for the last half year holding in an 11-point range. That is a narrow trading range for this bellwether and has built up a cult of watchers waiting to see which way it "breaks out."

Harsco Corp., the old Harrisburg Steel, has held in an even tighter range, its swing since May not yet a full five points for the split shares. While it has been restrained by the general lack of interest in steels proper, Harsco has diversified into a producer of a broad list of products that keeps it from being entirely dependent on demand for steel itself.

Operating results of Harsco, except for 1958 when the general recession caught up with it, paint a picture of a good uptrend for a decade with both sales and earnings at new highs last year with more improvement generally expected this year. At recent levels the shares have offered a definitely above-average yield of around 5½%. Its principal products include steel cylinders for storage of gases, seamless steel pipe couplings, steel recovery installations to reclaim slag, and on through plastic parts, drilling machines, tools and dies.

A Profit-Preserving Chemical

The chemical entity where a profit-pinch has not shown up is Hercules Powder. The shares have been giving a good account of themselves, no strangers to the new highs list, at a time when chemical issues were not noted for urgent demand. Like chemical issues in general when they are popular, Hercules offers little in the way of yield. The company posted record earnings last year, boosting the dividend in the process, and has shown no slowdown this year with expectations high that another new record is due for this year.

One of the factors that point to new record earnings for Hercules is the acquisition of profitable Imperial Color Chemical & Paper earlier this year. Another is its stress on plastics work and the bulk of its capital outlays is to expand production in this field.

A Doubly Attracting Issue

The issue that has been resting after it broke out into new high ground is H. J. Heinz. The business hopes here are tied up with prospects of splitting the stock which hasn't been done since 1946. More basic, however, is the demand for issues that have an expanding foreign business which can produce better profit-margins than domestic operations. While Heinz foreign sales were doubling in the last half dozen years, the profits jumped more than 200%. In the last fiscal year the foreign profits accounted for nearly two-thirds of the total reported.

Heinz is an operation that was noted for growing from within in its long history. In fact, its pending acquisition of a maker of fruit-based juices in Pittsburgh is frankly acknowledged as the first outside acquisition for the purpose of diversification. Much of its foreign profits are not apparent in the actual results reported by the company, since heavy expenses have been incurred to expand these operations and only a little more than a third of the earnings of the foreign subsidiaries was actually remitted to the parent company in its latest fiscal year. Nevertheless it is still available at less than 15 times its reported total earnings, a modest ratio against some of the others around.

TelAutograph Calms Down

The hectic play in TelAutograph and Comptometer as makers of devices to transmit writing and drawings via phone lines had pretty well died out, and from it came some investment sentiment favoring Comptometer at reasonable price levels. The disclaimers of the value of the device were largely induced by the fact that it has a registration statement on file with the Securities & Exchange Commission.

Reason for the preference for Comptometer in this field seems to be largely because it will lease, rather than sell, its Electrowriter and leasing revenues are very profitable after a time lag to cover the production and installation costs. Some rough estimates are that the firm could triple earnings from the present level. And for a time its earnings will be tax-free because of carry-forwards racked up during its poor years in the past. Its last dividend was a token one in 1955 which rates it mostly as a speculative item that may or may not live up to its promise.

Well-Acting Utility Items

More highly rated as investment calibre are the utility stocks which have been doing well in desultory markets lately. Their growth, while not spectacular, has been steady and not as likely to suffer from a sudden reversal as some of the premier "growth" issues around. The faster growing items in this group are the natural gas companies, notably Tennessee Gas Transmission which has increased revenues by more than 1,000% in the last decade.

The fast growth has been paralleled by heavy stock dilution as large-scale expansions were required to keep pace in the industry and to expand along promising lines including exploration and development of its own leases, with other operations ranging from life insurance to joint participation in a synthetic rubber ingredient producing firm. Nevertheless, an annual rise of around 7½% in per share earnings has been common in recent years which, in turn, led to dividend increases in four of the last six years. The current payment provides a yield of around 5% which is generous and well covered. There are three rate cases pending where lower prices might be ordered but students of the company and the rate of return being permitted in areas in which Tennessee Gas operates, are of the opinion that the settlement shouldn't be too far out of line with the present rate schedule.

[*The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.*]

N.Y.U. Sponsors Fed. Tax Inst.

More than 750 of the nation's tax practitioners will attend the nineteenth annual Institute of Federal Taxation sponsored by New York University's Division of General Education. The conference is to be held from Wednesday, Nov. 9, through Friday, Nov. 18, at the Hotel Biltmore in New York City.

The Institute is designed for registrants with a working knowledge of the tax law. More than 100 experts will take part in the lectures, discussions, panels, and seminars.

"This year we will continue to explore tax subjects in depth," Henry Sellin, Executive Director of the Institute, said. "In some instances we have called in experts on areas other than taxes to round out the picture."

Among the topics to be discussed are natural resources, recent developments in determining income, accounting problems, partnerships, doing business abroad, employee compensation, creation and capital structure of corporations, expansion of the corporation, liquidating and disposing of the corporation, real estate, procedural problems and techniques, estate planning, fraud, and new legislation, regulations, and rulings.

Admission cards are transferable so that different members of one firm can attend sessions relating to their special interests. Registrants who attend at least 12 of the 16 daytime sessions receive certificates. The fee for the entire Institute is $195, or $30 for a single day.

A loose-leaf volume containing a detailed outline of each talk will be furnished to full-time registrants. The outline volume will list problems, practical answers, citations, and important case histories. The lectures will be published by Matthew Bender and Company, Inc., and offered to registrants at a reduced fee.

Further information on the Institute can be obtained by writing to Henry Sellin, Executive Director, Institute on Federal Taxation, New York University, 1 Washington Square North, New York 3, New York.

With Pierre R. Smith

(Special to THE FINANCIAL CHRONICLE)

ELYRIA, Ohio — William W. Walker, Jr., is now affiliated with P. R. Smith & Co., Elyria Savings & Trust Building, members of the Midwest Stock Exchange.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Central Hudson Gas & Electric Corporation

Central Hudson Gas & Electric supplies electricity and gas to Poughkeepsie, Beacon, Newburgh and Kingston and adjacent areas in the Hudson River Valley. Electric sales contribute 81% of gross and gas 19%. While there is little heavy industry in the area, manufacturing is widely diversified and contributes about 23% in revenues. Fruit and dairy farming as well as summer resort business are important factors in the local economy.

During the years 1950-58 electric sales to ultimate customers in the company's area gained at an average rate of 9% compounded, compared with a 6% rate for investor-owned utilities in the Middle Atlantic States. During this period local population increased by an estimated 35% compared with only 10% during the 1940's. The company expects this region to continue its development "as a preferred location for homes, business and industry." It is anticipated that the peak load may show an average annual increase of nearly 10% during the years 1960-63.

Now Generates All Its Electricity

In 1949 the company purchased most of its power, generating a modest amount of hydro power. In the following year it began to generate some steam power; by the end of 1959 it had 293,000 kw. steam capacity and 49,000 hydro. On Oct. 16, unit No. 3 of the Danskammer Point Steam Station, having a net capability of 140,000 kw, went into operation; units No. 1 and No. 2 (each having a capability of 70,000 kw) had gone into service in 1951 and 1954. The company is now in a position to take care of all its electric requirements, and the present four-party power supply contract with neighboring utilities, which terminates Dec. 31, will be replaced with a broader and more flexible power-pooling arrangement. The next generating unit, probably of the same 170,000 kw size as the third Danskammer unit, is expected to go into operation in 1963.

The company buys its natural gas from a subsidiary of Columbia Gas under long-term contracts. An additional supply also became available from Tennessee Gas Transmission in August, 1958. Last year the company began burning off-peak gas as a partial replacement for coal at Danskammer, with resulting savings. It expects to obtain additional gas from Tennessee for the next heating season.

The company is now actively promoting residential electric water heating and househeating, and filed lower rates (effective in July) for customers using over 400 kwh. a month; an intensified sales program was also initiated.

Construction charges last year approximated $15 million and were financed by the sale of common stock and short-term borrowing, as well as internal funds. Construction costs for this year are estimated at about $8.4 million, to be financed from internal sources and by further bank loans which will be funded in 1961. No additional equity financing is anticipated before 1962.

The credit for interest on construction was equivalent to 31c a share last year, but may amount to only about 3c this year and a similar amount next year; however, with the 140,000 kw. unit to be placed in operation in 1963, the interest credit is expected to increase moderately in 1962 and return to about the 1959 level in 1963.

Share-Earnings Record

The share earnings record over the past decade showed a steady year-by-year increase from 65c a share in 1949 to $1.41 in 1959. However, a sizable amount of the increase was accomplished in 1958-9 with the changeover to "flow through" in tax savings and the moderate rate increase allowed by the Public Service Commission (1958 earnings were stepped up by 16c to $1.33 by flow through.) The 1959 earnings of $1.41 would have shown a large increase except for the 12% increase in number of shares. The company's business in 1959 showed a good rebound from the recession year 1958, kwh. sales gaining 13% and revenues 9% (gas sales and revenues gained 13% and 8% respectively.) Earnings thus far in 1960 have shown continued gains, with earnings of $1.44 for the 12 months ending June 30 compared with $1.34 in the previous 12 months, an increase of 7%.

Area's Favorable Growth Outlook

The outlook appears favorable for continued growth in the area. A fourth bridge across the Hudson between Newburgh and Beacon will be constructed at a cost of $40 million, and will serve as a vital link in the proposed four-lane Federal highway from Scranton to Hartford. The new route and the bridge, when completed should contribute materially to the further economic development of the company's southern service area.

In 1959 a number of new industries located in the company's territory and many existing industries expanded their operations or announced plans for further expansion. Among such industries were Texaco, which has a large research center at Beacon; Smith Bros., the famous makers of coughdrops; Star Expansion Industries; Western Printing & Lithographing; Daystrom, Inc.; Cornwall Paper, etc. The cement companies in the area, which are heavy users of power, undertook a large expansion program in 1959.

Dividends have been paid on the common stock of the company and its principal predecessor for 56 years. The quarterly rate was increased from 20c to 23c last November, making the current rate 92c. The stock has been selling recently around 25½ to yield 3.6%, and the price-earnings ratio is 17.7 compared with an industry average of about 18.2.

Inv. Diversified Names Callender

MINNEAPOLIS, Minn. — The Board of Directors of Investors Diversified Services, Inc., Investors Building, has elected John W. Callender to the newly created office of Vice-President-Customer Relations. Mr. Callender has been with the company since September 1948 and has served as Assistant Vice-President, 1948-1952, Assistant to the President, 1952-1953, and Assistant to the Chairman of the Board, 1953-1954. He has been director of customer relations since August 1954.

For 10 years prior to joining Investors Diversified Services, Inc., Mr. Callender was executive director of retirement claims with the United States Railroad Retirement Board in Chicago.


MORE ENERGY...
IN MORE FORMS...
FOR AMERICA'S
GROWING NEED
Jets streak across the sky powered by fuels piped across the land by Texas Eastern. And as more and more jet planes join America's commercial and military air fleets, Texas Eastern's Little Big Inch products pipeline grows significantly in importance.
Today, America's need for energy of all kinds is zooming. That's why Texas Eastern plans far ahead as it diversifies in the field of energy supply and enlarges its role as Pipeliner of Energy to the Nation.
TEXAS EASTERN TRANSMISSION CORPORATION
Houston, Texas
Shreveport, Louisiana

Joins McCarley

KNOXVILLE, Tenn.—William Edward Lockett has joined the sales department of McCarley & Company, Incorporated, of Asheville.

Illinois Co. Branch

ELMHURST, Ill. — The Illinois Co., Inc. has opened a branch office in the Elmhurst National Bank Building under the management of Martin Olsen.

Now Robert Grafstrom Co.

BROOKLYN, N. Y. — The firm name of Grafstrom-Bennett & Co., 330 Flatbush Avenue has been changed to the Robert W. Grafstrom Company.

New Roberts Branch

SAN CLEMENTE, Calif. — Norman C. Roberts Company has opened a branch office at 214 Del Mar Avenue under the management of Jack L. Spence.

MUTUAL FUNDS

BY ROBERT E. RICH

Quest for a Yardstick

Thirty common stocks, largely of blue-chip status, comprise the Dow - Jones Industrial Average. Over the years it has been useful to Wall Street charusts who professed to see in this index a guide to market behavior.

For millions of Americans it represented an easy summation of the market's action on any day, although it's a rare investor who hasn't experienced a period when his stocks were falling while the Dow was rising—or the other way round.

The Dow, which is nothing if not flexible, is now being put to a new use. A recurring theme of numerous periodic reports from open-end funds is the boast that better results have been attained by the managers than shown in the action of the Dow industrials. Of course, not all funds can show a greater climb or a smaller decline than the Dow. And those that can't simply don't bother making the comparison. We're still awaiting the report that says humbly: "You'd have been better off buying the Dow-Jones Industrial Average."

To most sophisticated Wall Streeters, this tendency to compare the results from investing in a mutual fund with the ups and downs of the Dow is a rather futile exercise. A man buying into a single - industry fund should realize that a comparison with the diverse Dow is like comparing peaches with assorted fruits. And it's little more helpful stacking a balanced fund against a common stock index. Even comparing a broad-based common stock fund with the 30-stock Dow is not especially helpful.

The Dow industrials, although subject to innumerable changes over the years, were blue chips around the turn of the century and still are largely blue chips. Oddly, International Business Machines was tossed out of the Dow compilation some years ago, otherwise the level of the average today would be up in the stratosphere. In any case, it would not seem that much could be gleaned by measuring a three-month performance of this bread-and-butter stock average against the showing of a fund that had moved on a wide front into such non-Dow growth equities as American Machine & Foundry, Brunswick, Beckman, Bausch & Lomb, Texas Instruments, Martin, Polaroid and dozens of others.

A comparison with the 425 industrial stocks that make up the Standard & Poor's index would at least have the saving grace of dealing with a representative average, but even so would prove little. Aside from serving as a tool for a small coterie of chartists, a major function of market averages is to reflect the day-to-day performance of the stock market — a chore that the Dow, by the way, doesn't do any too well.

On the other hand, mutual funds, which are not purchased for the quick turn in the stock market, have selected goals. The objective may be conservation of the investor's capital. Or it may be long-term growth of his capital. Or the goal may be future income. Any and all are understandable to the mutual fund salesman. If he's worth his salt, he sells the prospect only that fund which best suits the individual's needs and not some worthless comparison with the Dow.

And whatever the men in the mutual fund executive suite may say in the interim reports to shareholders about their accomplishments vs. the Dow, they only measure up to their task to the extent that they meet and surpass the objectives outlined to the purchasers of their shares in the first place.

If owners of mutual funds ever contract the fever of comparing the performance of their holdings with the Dow, many may decide, in cases where the average rose faster than the fund, that the thing to do is to buy the Dow-Jones stocks. Of course, acquiring a stake in each of these stocks (Eastman Kodak, Union Carbide and Procter & Gamble are among the 30 that sell above par) would be extremely expensive, even if the buyer were satisfied with odd lots.

But even if we assume the man has the means — and is willing to incur the costly brokerage commissions—he couldn't have the assurance that this year's blue-chip Dow stocks would retain their luster. Thus, Mack Trucks and Loew's (now Metro-Goldwyn-Mayer) no longer are included in the Dow. Drug, Inc. and Hudson Motor Car Co. have disappeared.

A shrewd manager of a leading mutual fund, which "outperforms" the Dow with monotonous regularity, never calls his stockholders' attention to this feat. However, he is properly concerned with analyses that stack his mutual fund against others. Until now, at least, he has had reason to be proud. But, says he: If our stockholders ever get the idea that our results are below the average—the fund average, that is— we'll be in trouble. My job is to keep up with the Joneses, not the Dow."

The Funds Report

Chase Fund of Boston reports gains in all phases of its operations for the quarter ended July 30. Net asset value per share increased 4.4% from $13.46 to $14.05. Total net assets increased 11.9% from $17,219,277 to $20,420,215 and number of shares outstanding increased 13.6% from 1,279,527 to 1,453,055.

* * *

Bullock Fund, Ltd. reports that at July 31 principal holdings were in stocks of petroleum, chemical and steel companies. It added: "Advantage was taken of the decline in the level of common stock prices during late July to make additional net purchases of stock with the result that on July 31, 1960, approximately 85% of company's assets represented common stocks of companies chosen primarily for their long-term growth characteristics."

* * *

Canadian Fund, Inc. announces that it has been a net purchaser of common stocks during the two months since its previous report, dated May 31. Principal investments continue to be in the natural resources of Canada, notably paper and pulp, oil and gas, and non-ferrous metals and mining. These accounted for almost 37% of assets on July 30.

* * *

Puritan Fund reports that in the quarter ended July 31 (final period of its fiscal year) it added these new securities: common stock of Alterman Foods, Inc., Dentists Supply Co. of New York, Falstaff Brewing Co., Harvey Aluminum, Inc., Ludlow Corp., Newport News Shipbuilding & Dry Dock Co., Penn-Dixie Cement Corp., Standard Oil (New Jersey). Also added were Northwest Airlines, Inc. 5¼% preferred, Gamble-Skogmo, Inc. 6% subordinated notes, Missouri Pacific 4¼% first mortgage, Thorp Finance Corp. 5% discount notes and Uris Building Corp. 6½ debentures.

Eliminated from the Puritan Fund portfolio during the quarter were common stocks of Alico Land Development Co., Borg-Warner Corp., Celotex Corp., Interlake Iron Corp., Kelsey-Hayes Co., Stanray Corp., White Motor Co. and Wilson & Co., Inc.

* * *

Affiliated Fund, Inc. reports that at the end of July net assets were $593,245,133, equal to $7.24 a share, against $7.56 at Oct. 31, 1959. A 36-cent capital gains distribution was paid in December.

* * *

Baldwin Securities Corp. in its semi-annual report states that net asset value per share increased from $5.84 at Dec. 31, 1959, to $5.95 at June 30.

* * *

Institutional Shares, Ltd. reports that during the months of June, July and August it made these major changes: New investments included City of Oslo 5¾s of 1975, Mississippi River Fuel sinking fund debentures 5⅜s of 1980, Pennsylvania Co. collateral trust 5¼s of 1985, Seaboard Finance debentures 5¼s of 1980, State Loan & Finance 5.4s of 1980 and American Metal Climax, Inc. common stock.

Investments eliminated were Connecticut General Life Insurance Co., Columbus & Southern Ohio Electric Co. and Northern Insurance Co.

* * *

The Colonial Fund net asset value a share increased to $10.24 at July 31 from $9.96 at April 30. The figure was $10.30 at Oct. 31, 1959, end of the fiscal year. During the latest quarter the fund bought 13,000 shares of Shamrock Oil & Gas and eliminated 6,000 shares of American Viscose, 9,500 shares of Bethlehem Steel, 5,150 British American Oil, 5,000 Chrysler, 12,000 Illinois Power, 7,500 Kern County Land, 13,000 Ling-Altec, 13,000 Ohio Oil, 5,000 United Aircraft and 5,000 United Shoe Machinery.

* * *

Graham - Paige Corp. had unaudited net income of $204,116, for the six months ended June 30, including the operations of Madison Square Garden, compared with net loss of $211,017 before a tax refund of $110,000 in the same period of 1959. Garden operations were not included in the 1959 figures.

Total stockholders' equity on June 30 was $15,125,352, which was equal to $1.65 a common share, after allowing for $5,100,850 of preferred stock. This compares with total equity of $16,858,010, or $2.20 a common share, after allowing for the $3,500,000 of preferred stock then outstanding.

* * *

Changes in the sales policies of **Oppenheimer Fund, Inc.** preparatory to an expanded distribution program for the open-end investment company were announced by Silvio M. Smilovici, Vice-President. Approved by shareholders, the changes include:

An increase in the maximum sales charge from 1½ to 8½% of the offering price per share, scaled downward on larger individual purchases.

The elimination of the fund's 1% fee on redemptions of shares, in effect raising the value of existing shares outstanding by a like percentage.

Mr. Smilovici, who is also a partner of the fund's sponsoring organization, the New York Stock Exchange firm of Oppenheimer & Co., said that the changes bring the fund "more in line" with purchase and repurchase practices that are standard throughout the mutual fund industry.

* * *

Mutual Trust reports that "during recent periods of weakness" it was a buyer on balance. It increased holdings of American Machine & Foundry, Bell & Howell, Boeing, Columbia Broadcasting System, Firestone Tire & Rubber, Goodyear Tire & Rubber, International Telephone & Telegraph, Jones & Laughlin, Louisiana Land & Exploration, Mack Trucks, Pittston Co., Revlon, Sinclair Oil, A. O. Smith, U. S. Gypsum, Westinghouse Electric and Youngstown Sheet & Tube.

At the same time it trimmed holdings of Chesapeake & Ohio Railway, Denver & Rio Grande Western, Great Northern Railway, Republic Steel and United States Steel. Holdings of New York, Chicago & St. Louis (Nickel Plate) were eliminated. New common stock commitments include Burndy Corp., Chas. Pfizer & Co., Inc. and U. S. Plywood.

* * *

Incorporated Income Fund reports that on July 31 net asset value a share was $9.07, up from $9.01 at the close of the previous quarter. Total net assets rose to $103,958,409 from $99,300,958 and shares outstanding to 11,466,747 from 11,017,995. Part of the increase reflects acquisition of the assets of A. E. Dick Contracting Co., a personal holdings company.

New securities added during the latest quarter included 30,000 shares of Freeport Sulphur, 5,000 General Mills, 4,200 Harvey Aluminum, 3,700 Illinois Central Railroad, 5,000 Kern County Land, 24,600 Mississippi River Fuel and 2,400 Richfield Oil. It increased holdings of C. I. T. Financial Corp. by 2,000 shares, Equitable Gas by 4,900 shares and Socony Mobil Oil by 5,000.

Meanwhile it eliminated holdings of Kansas Power & Light and Sinclair Oil.

* * *

Net assets of Commonwealth Income Fund totaled $18,561,803 on Aug. 1. Net assets were $14,756,589 on Nov. 30, 1959, close of the preceding fiscal year.

Net asset value per share was $8.83 per share on Aug. 1, compared with $8.99 per share on Nov. 30, 1959, the report showed. The number of shares outstanding rose from 1,641,990 on Nov. 30 to 2,102,563 on Aug. 1 this year.

* * *

Issues directly dependent on the consumer market are prominent among the additions to Keystone's fast-growing Low-Priced Common Stock Fund S-4, according to the annual report for the fiscal year ended July 31. The fund has more than quadrupled in size in the last two years, with assets

rising from $20 million to $89 million.

With $44 million of net new capital available for investment this year, fund executives turned to the rapidly expanding consumer market for many of the securities added to the portfolio. Among them were Bobbie Brooks, sports apparel for young women; Josten's, manufacturer and distributor of high school class rings; O. H. Scott, chemicals for lawn care, and ABC Vending, operator of vending machines.

The rapid growth of industry and population in California prompted the addition of California Financial Corp., Financial Federation, Inc., of Los Angeles, and California Liquid Gas Corp., which distributes liquid gas for both home and industrial markets.

Best industry performances within the fund were those of small aircraft manufacturers like Beech, Cessna and Piper and electronics companies like Beckman, Litton, Varian, Itek, and Perkin-Elmer. These two groups constitute about 20% of the Keystone S-4 portfolio.

In his annual report, President S. L. Sholley points out that the number of shareholders increased from 10,900 in 1958 to 24,000 in 1959 and then had an even more rapid rise of 158% to 62,000 at the end of the 1960 fiscal year. Close to 90% of the new shareholders are using Keystone's voluntary accumulation plan, which means that they are taking advantage of the principles of dollar cost averaging and compounding by investing the same amount at regular intervals.

Net asset value per share of $12.56 was down 3.8% from a year earlier.

* * *

Guardian Mutual Fund, Inc. reports that at Aug. 31 net asset value was $9,745,081, equal to $20.16 on each of 483,338 shares outstanding. This compares with $8,386,261 and $19.58 on 428,333 shares at the close of 1959.

* * *

J. F. Stephens has been named Vice-President and sales distributor of **Texas Fund Management Co. of Houston**, principal underwriter and investment counsel for Texas Fund, Inc.

* * *

Washington Mutual Investors Fund reports total net assets at July 31 were $20,345,387, against $18,413,511 on April 30. Net asset value per share was $9.15, compared with $8.92 at the end of the previous quarter.

During the quarter the company added to its portfolio Flintkote, General Portland Cement, Safeway Stores and Union Oil of California. Holdings eliminated in the quarter were Carborundum, Federated Department Stores, Kelsey-Hayes, Owens-Illinois Glass and Youngstown Sheet & Tube.

* * *

Shareowner accounts in the **National Securities Series** of mutual funds have passed the 200,000 mark, reports Henry J. Simonson, Jr., President of National Securities & Research Corp., which sponsors and manages the $475 million group of funds.

The milestone came only five years after the first 100,000 accounts was reached in 1955, 15 years after the National Securities Series was established in 1940. More than 82,000 shareowners are currently adding to their accounts by automatically reinvesting distributions or making periodic investments.

Funds & Secs. Inv.

(Special to THE FINANCIAL CHRONICLE)

WESTFIELD, Mass. — Albert J. Stebbins Jr. is conducting a securities business from offices on Woodside Terrace under the firm name of Funds & Securities Investors. Mr. Stebbins was formerly with Di Roma, Alexik & Co.

AS WE SEE IT *Continued from page 1*

encouragement that may be drawn from it. That limit is fixed by the fact that the opposing candidate is far from free of "modern" notions about what is good and what is not good for the country. His party has its "liberals," too, and all too few members with both the perspicacity to distinguish between sound policies and New Dealish nonsense, and the courage to hue to the line of soundness regardless of ill-informed popular clamor for that which can but in the end be expensive to us all. By and large, the Eisenhower Administration, and as far as known candidate Nixon, have held to relatively moderate courses. What the Republican candidate may presently say or do, particularly as respects agriculture we, of course, have no way of knowing. But when compared with the sort of thing that Mr. Kennedy has been talking about, and the known views of such men as Chester Bowles and Averill Harriman, the courses he has been pursuing and apparently plans to continue to pursue must be regarded as moderate.

If we are to assume that presently Mr. Kennedy finds a way to swing his party to the course that he and his close advisers like Messrs. Bowles and Harriman have apparently laid out for it, the choice of the voter this autumn would be between extreme radicalism and profligacy on the one hand and a somewhat saner course on the other. If such a choice is in fact presented to the voters, there is no question in our minds as to what course should be taken. Between the sort of minimum wage legislation that the Democratic candidate has been trying to force through Congress and that which we can hope would be sponsored by a new Republican regime there are important differences. Between the old age health plan that Mr. Kennedy and organized labor have been trying vainly to get enacted into law and that which finally reached the statute books—much to the disappointment of the "liberals" in the Democratic ranks, there is, also, a world of difference. Between the housing legislation which the Democratic candidate has espoused and that which the Eisenhower Administration has sponsored there is much to choose—even though the latter is socialistic and costly. The list might be substantially prolonged if there were anything to be gained by laboring the point.

The Worst of It

What really is distressing us about it all, though, is that in neither camp—nor among the great rank and file of the parties—do we find much interest in a return to real sanity in public policy. Of course, such a course can hardly be expected of the Democratic party after its Convention put on its recent show. There are those who hope that the saner elements in the Republican party will be able to guide candidate Nixon into paths more in keeping with American tradition and sound public policy. He has been regarded by many as "their candidate," but he is evidently a canny politician, and has now maneuvered himself into a position of apparent independence of any particular clique or group. We are afraid, in any event, that the "conservatives" of that party are more conservative in name than in reality, or if they are conservative they have no constructive program or ideas around which it should be possible to rally public opinion.

The issues are at hand in abundance. Why should not candidate Nixon—we have no hope of the Democratic candidate doing any thing of the sort—let it be known, for example, in straight flung words and few that if elected he would proceed without delay to initiate a move to reduce the excessive "progressiveness" of our income tax structure? When the top bracket taxpayers must give up more than 90% of their income to the Federal Government, what incentive can there be for any man to undertake the sort of public service that Henry Ford accomplished? The circumstance that Mr. Ford was really interested chiefly in his own economic welfare does not in the least deny the fact that his was a very real service to us all, here and in other countries, too.

Will Nixon Fight for Tax Reform?

And let it not be supposed that it is in only the very top brackets that extremes in the amount of tax levied are found. Long before any such level as that is reached the situation becomes one in which the taxpayer either has little incentive to produce wealth, or else is obliged to give up a very substantial part of his energies to seeking ways and means of avoiding some of the burden that present tax rates impose. All that is required is just moderation in progressiveness. Any revenues lost by such tax revision could be offset by reducing the extravagances of the national government. The present Administration has by no means eliminated them, but we can hope against hope that a new Republican Administration could be persuaded to make a real effort to do so. And, of course, tax reform is but one of many opportunities that now present themselves. But where is the will to take full advantage of them?

Predicts More Mortgage Funds Available for Homebuyers

FNMA President reports quarter billion purchases made in the past quarter. He anticipates more favorable mortgage conditions for the homebuyer in the months ahead.

A continued increase in the availability of residential mortgage funds for the remainder of the year was forecast recently by Federal National Mortgage Association President, J. Stanley Baughman. This prediction for prospective homebuyers was made in connection with the release of a report of the agency's Secondary Market Operations covering the Second Quarter. (FNMA buys and sells FHA-insured and VA-guaranteed mortgages in the secondary or resale market).

According to Mr. Baughman, all phases of the corporation's operations during the quarter reflected an "easing" in the home mortgage market, with offerings and purchases down and sales up.

Expresses Note of Optimism

The Association's chief executive pointed out that FNMA's Secondary Market Operations "move in cycles that are generated by the degree of availability of private mortgage funds." Offerings dropped 27%, from 30,590 estimated at $389,000,000 in the First Quarter of 1960 to 22,324 valued at $289,000,000—a decrease of $100,000,000 in the Second Quarter. Sales stepped up moderately, from none in the previous quarter to 355 mortgages worth $4,624,000 in the Second Quarter. This compared with 167 sold for $1,736,000 in the comparable period a year ago. Cumulatively, FNMA has sold 41,728 mortgages totaling $481,567,000 out of its SMO portfolio, which at the end of June, consisted of 233,012 mortgages amounting to $2,600,000,000. His report, also revealed that purchases were off 26% from the preceding quarter — from 27,273 valued at $337,829,000 to 20,246 for $254,904,000. Mr. Baughman expressed a note of optimism in remarking that "the 'ease' in the money market that was evidenced in the Second Quarter appears to be continuing, which ought to mean more favorable mortgage conditions for the homebuyer in the months ahead."

A breakdown of the quarter billion dollars in purchases disclosed a substantially greater number of FHA mortgages bought than VA, with 14,550 valued at $180,000,000 acquired, compared with 5,696 GI loans valued at approximately $75,000,000. These purchases, covered properties located in 42 states, the District of Columbia and Puerto Rico and brought the total number bought since the inception of the SMO program 5½ years ago to 280,852 aggregating $3,268,492,000.

A highlight of the report shows that all major segments of the home finance industry are participating in the FNMA program. A breakdown of the 667 sellers that sold mortgages to the Association during the quarter shows that 507 mortgage companies (76%) led the list, followed by 110 banks and trust companies (16%), 39 savings and loan associations (6%), and 11 insurance companies (2%).

The report also showed a continued broadening of the base of private ownership in the corporation during the quarter, with 6,714 stockholders holding 641,552 shares of FNMA common stock on June 30, compared with 6,197 holding 574,479 shares at the end of the previous quarter.

Pleased With New Financing Method

During the quarter, FNMA launched a new method of financing which substantially reduced its borrowing costs. On April 18, the corporation began issuing short term discount notes, similar to commercial paper, with maturities ranging from 30 to 270 days. Mr. Baughman said the new plan has been very successful and pointed out that "it enables investors to 'write their own ticket' as to the length of time they desire to lend their money, whether it be 33 days, 157 days, 255 days or any other number of days within the range." Supplemental in nature to the agency's established debenture program, the new short term financing method brought in $213,000,000 during the quarter, of which $19,000,000 was redeemed. This was in addition to $400,000,000 borrowed through two $200,000,000 one-year debenture issues during the same period.

FNMA's net earnings under its Secondary Market Operations during the quarter amounted to $2,322,157 after providing for payment of $2,515,670 to the U. S. Treasury as the equivalent of Federal income taxes. Provision was made for dividends of $661,250 to be paid on Treasury held preferred stock and $429,277 on common stock, leaving $1,231,630 for transfer to general surplus.

The Association maintains regional agency offices in Philadelphia, Atlanta, Chicago, Dallas and Los Angeles, and a sales office and fiscal agency office in New York City.

Banks Appointed By H. A. Riecke

PHILADELPHIA, Pa. — H. A. Riecke & Co., Incorporated, 1433 Walnut Street, members of the New York Stock Exchange and other leading exchanges, announce that John R. Banks is now associated with them as Manager of their Unlisted Securities Department.

Before joining H. A. Riecke & Co., Inc., Mr. Banks was associated with the Philadelphia office of Newburger & Company.

B. N. Rubin Co. Opens in N. Y.

Formation of B. N. Rubin & Co., Inc., underwriters and dealers in over-the-counter securities, with headquarters at 56 Beaver Street, New York, was announced by Burt N. Rubin. At the same time the dissolution of the firm of Simmons, Rubin & Co., Inc. was announced.

Associated with Mr. Rubin in B. N. Rubin & Co., Inc. are John G. Abruscato, Ira L. Rennert, Perry Grant, Thomas Marshall, Leonard Berger, Charles A. Blumberg and Frederick L. Abbott, Jr.

Need for Drastic Tariff Cuts To Prevent Cold War Defeat

By Paul Einzig

Lifelong protectionist, fearful that the USSR will capitalize on the Free World's slowed output resulting from anti-inflation measures, advocates all-around tariff cuts in order to ensure the continuity of economic progress without paying for it in the form of inflation. Dr. Einzig would prefer self-restraint on the part of labor but realizes that this is not possible. He, therefore urgently proposes this alternative solution to the G.A.T.T. conference now taking place. Economic conditions, he adds, are propitious for this method of expanding output.

LONDON, Eng. — The Conference of G.A.T.T. which opened at Geneva on September 1 provides a unique opportunity for the Free World to emerge from the economic deadlock into which it has drifted. After nearly 20 years of virtually non-stop inflation various industrial countries initiated in the late fifties efforts to resist the trend. As a result the progress of their output slowed down, and faith in continuous prosperity amidst post-war conditions weakened materially. This at a time when the Communist countries are forging ahead with their expansion of production. The contrast is liable to be highly damaging to the cause of democracy both through its material effects and its psychological effect. It is therefore of the utmost importance to find a solution to enable the democratic countries to ensure the continuity of their progress without having to pay the price in the form of accelerated inflation.

The obvious solution would of course, be self-restraint on the part of organized labor. It is the exploitation of the demand for labor for enforcing excessive wages and cuts in hours which is responsible for the inability of the free countries to expand their output without inflating. Unfortunately there is little hope for making the trade unions realize this. While Socialists in Britain are indignant about the increase in rents that followed the partial decontrol of rents and the demand that landlords should be prevented from taking advantage of the supply-demand position, they consider it the sacred right of industrial workers to squeeze every bit of advantage out of their own scarcity value. It would be wishful thinking to expect any change in their attitude.

The Only Solution

The alternative solution would be all-round drastic cuts in Customs tariffs. It would be possible to remedy the evil of labor scarcity if all industrial countries ceased to protect the industries which are not efficient enough to withstand foreign competition. Doubtless it would be a painful operation, but the closing down of relatively inefficient firms is preferable to the permanent handicapping of all firms, efficient and inefficient alike, by means of high interest rates and credit squeezes. If there is not enough labor to satisfy requirements amidst an expanding production, let the inefficient be forced out of business to release their manpower for the benefit of the efficient.

The G.A.T.T. Conference provides an excellent opportunity for initiating this operation. Instead of embarking on the usual haggling in which each Government tries to get the maximum of concession in return for conceding the minimum, the leading industrial countries should take the initiative by making offers of unilateral substantial cuts regardless of whether other countries would act alike. In Britain for instance, unemployment is now so low that a temporary increase resulting from tariff cuts would be no major disaster. There would be no difficulty in finding jobs for the employees released by the industries to be affected by tariff cuts.

In all probability the example would be followed by a number of countries the moment the disinflationary effect of this policy comes to be realized. The better utilization of manpower resulting from the elimination of inefficient industries would largely contribute towards the increase of the output at the same time as reducing production costs and prices. Real wages would increase as a result of the decline in the cost of living, so that the workers themselves would fully share in the benefit.

Having been a lifelong protectionist, I have arrived at the conclusion that amidst prevailing conditions the answer to our problems lies in free trade. There was every justification for protection before the War because it was necessary to prevent the import of unemployment from other countries in a world caught in the vicious spiral of deflation. Amidst inflationary post-war conditions, however, protection tends to aggravate the inflationary trend and to prevent a solution under which expansion of the output could be combined with a decline in costs and prices.

Other Advantages

In the absence of a sweeping gesture on the lines advocated above we shall be fated to alternate between inflation and recession provoked by resistance to inflation. Already market conditions for many industries on both sides of the Atlantic have changed for the worse because of the material and psychological effects of disinflationary measures. The undertone is still inflationary and an all-round revival of demand for consumer goods and capital goods alike could be brought about by a removal of disinflationary measures or threat of disinflationary measures, made necessary by high tariffs which have made the world safe for inflation.

Another advantage of all-round tariff cuts would be that it would simplify the problems arising from the formation of two rival trading areas in Europe. Once the general level of customs charges is materially reduced the significance of discrimination against countries outside the trading areas also declines.

16th Conference Of Nat'l Comm. Finance Group

Outstanding authorities in commercial financing and factoring, banking, accounting and government will be among feature speakers at the Sixteenth Annual Convention of the Commercial Finance and Factoring Industry, sponsored by the National Commercial Finance Conference, trade group for the industry, at the Hotel Pierre, New York City, Oct. 23-25, 1960.

Among them will be Sir Leslie Munro, President of the 12 Regular Session of the General Assembly of the United Nations, who will address the final session of the three-day conclave on the topic: Is "Peace Possible Through the United Nations?"

Three important panels are also scheduled and one that is attracting considerable attention in financial circles relates to financing the growth company. Appearing on this Panel, which will be held on Oct. 24, will be J. Martin Seiler, Vice-President, National Commercial Finance Conference, Inc., and Executive Vice-President, A. J. Armstrong Co. Inc.; Frank E. Bauder, Vice-President, Continental Illinois National Bank & Trust Co.; and Salim L. Lewis, partner of Bear, Stearns & Co. Moderator of the Panel will be William L. Acker, Vice-President, National Commercial Finance Conference, Inc., and Vice-President, Associates Investment Company.

A Panel on Particular Problems of the Commercial Finance Industry of special interest to attorneys and accountants representing factors, commercial finance companies and commercial banks will be held at the morning session Oct. 25.

A third Panel on Building and Accelerating Profits will be held the afternoon of Oct. 25, featuring R. Henry Rowntree, Chief of the Economics Division, Export-Import Bank of Washington; Russell R. Campbell, James Talcott, Inc., and Harry L. Goldstein, President of the Association of Commercial Finance Companies of New York, and President of Concord Factors Corporation. Theodore H. Silbert, President of Standard Financial Corporation, New York, will be moderator.

Principal speaker at the Monday Luncheon Oct. 24 will be Dr. Jules Backman, Department of Economics, School of Commerce, Accounts and Finance, New York University. His topic will be "Our Economy Now and Next Year."

Keynote speaker of the Convention will be Walter S. Seidman, partner of Jones & Company and Chairman of the Conference, who will address the group on "Commercial Financing and the Challenge of the Sixties."

Wendell B. Barnes, Shearson, Hammill & Co., New York City and formerly Administrator of the Small Business Administration, will present the Conference's annual award the three business concerns for achievement in business growth made possible through use of commercial finance company funds.

Joins McCarley & Co.

RALEIGH, N. C. — William F. Bailey has joined McCarley & Co., Inc. in their office at Cameron Village as a Registered Representative. Prior to coming with McCarley & Co., Inc., he was Director of Prison Systems for the State of North Carolina for seven years. Prior thereto, he was Southeastern Regional Director of the Office of Price Stabilization in Richmond, Va. and formerly Major of the City of High Point, N. C.

Jaffee Co. to Admit

Jaffee & Co., 2 Broadway, New York City, members of the New York Stock Exchange, on Sept. 11 will admit Robert Lamer to general partnership and Wilton Jaffee and Ethel Linder Reiner to limited partnership.

McCarley Branch

KNOXVILLE, Tenn.—McCarley & Co., Incorporated has opened a sales office at 417 West Church Street with Donald L. Jackson in charge.

Bache Opens Branch

GARDEN CITY, N. Y.—Bache & Co. has opened a sales office at 734 Franklin Avenue under the direction of Herbert A. Kent.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Why It Is Important to Develop Sales Techniques That Fit the Customer

The **three different types of speculators** and the **five major categories of investors** (see Security Salesman's Corner, Aug. 11 and 18, 1960) represent the eight primary classifications of security buyers with whom the investment salesman must learn to deal. Unlike other types of salesmanship, the securities salesman must live with his customers and the securities they have acquired. He is not a one time salesman. The expense and time involved in opening a new account makes it imperative that the security salesman continues to sell and resell the same clients. Not only does this require a knowledge of each customer's objectives and emotional attitudes toward speculation and investment, but a high degree of sensitivity to their capacity to make informed decisions. You cannot do business with a trader on the same level as a retired investor. A trader's account requires special handling, so does the speculator for the longer term, and the uninformed "tip-hunter" not only needs guidance but education. Unless you know what to do with each type of account, your results cannot be maximized because selling securities involves decisions to sell as well as to buy, and profits are sometimes dependent upon taking losses. The investment security salesman must become a psychologist, counsellor, and friendly policeman for many different types of people.

Illustration

Several months ago I obtained a lead through my firm involving the sale of a new issue to a directed account. When I telephoned this man and introduced myself the first words that came out of his mouth gave me the automatic classification clue to his type of security buyer which was "uninformed speculator." I told him that I had his "indication" and would "circle" three hundred shares of the new issue for him. Quite haughtily he replied, "Is that all, why I want 10,000 shares." I proceeded to explain that his 300 was more than most accounts were receiving and the only reason that amount was being considered was that my firm had been desirous of obtaining some of his business for years. The flattery was what he wanted. I then mentioned that I would telephone him as soon as a trading market developed in the stock and we would see what we could do for him. He then began to tell me some more facts about his large holdings and that he had been considering applying for a dealer's license in securities. Also he said he was thinking of establishing a securities firm with New York Stock Exchange membership. My check out on this man's credit came through O.K. He is a wealthy man but highly involved in many interests and although he is an egotist who is anxious to impress others, we have had some satisfactory business up to this time.

The Ability to Judge His Interest and Gain His Confidence

The ability to judge his interest as one that is completely involved in obtaining capital gains plus my long experience in handling people has enabled me to successfully motivate this volatile individual along lines that are **satisfactory to him.** Without going into great detail there were several times during our short but rather hectic alliance that I had to set him down hard which I proceeded to do without being rude or abrupt. On these occasions he attempted to involve me in discussions of supposed errors in executing some of his orders. This was quickly disposed of by firmness and complete records that were maintained both by my trading department and by myself. When he found out that he couldn't intimidate me or push me around, and that I knew my business, his respect and confidence in my recommendations and integrity automatically increased. With a certain amount of luck it is possible that I will obtain considerable business from him and also several of his associates. A knowledge of his speculative proclivities, the ability to type them, and my understanding of how to handle a tough, hard-boiled, money making, self-made, gambling promoter who is several times a millionaire, is vital to the success he will achieve in trading through me and my firm. Unless I can hold a firm rein on him, lead him when he needs it, and still keep his respect and make him happy, he is going to jump the fence and head for the range.

You don't learn this overnight, nor from reading books on S. E. C. rules, Stock Exchange procedures, or investment analysis. It is this phase of security salesmanship that in my humble opinion has been sorely neglected by the investment banking industry in most of their sales training material. Unfortunately most of the men who are good security salesmen seem to develop themselves.

Inman Named By John Nuveen Co.

CHICAGO, Ill. — Wilbur G. Inman has been appointed Chicago Manager of the Underwriting Department of John Nuveen & Co., 135 South La Salle Street, national investment banking firm, it was announced by Chester W. Laing, President.

A veteran of LaSalle Street financial circles, Mr. Inman joined the Nuveen firm in 1937 and was made Assistant Manager of its Underwriting Department in 1957. The company with headquarters in Chicago and New York is the oldest and largest organization in the United States dealing in tax-free Public (Municipal) Bonds exclusively. It maintains regional offices in Atlanta, Boston, Columbus, Detroit, Los Angeles, Miami, Omaha, Seattle and St. Paul.

H. S. Simmons Co. Opens in N. Y.

Formation of the investment firm of H. S. Simmons & Co., Inc., with headquarters at 2 Broadway, New York, was announced by Harry Simmons, formerly President of Simmons, Rubin & Co., Inc., which has been dissolved.

Associated with Mr. Simmons in the new firm are Anne Trent, Elliott Glasser, Bernard Shwidock, David Kaplan and Jerome Kass.

Morrison Adds

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C. — Ralph A. Little has been added to the staff of Morrison & Co., Inc., Liberty Life Building.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Chase Manhattan Bank, New York, has appointed G. Draper Lewis, Jr., Representative in Caracas, Venezuela, George Champion, President, announced.

Mr. Lewis joined the **Chase National Bank** in 1949. He was assigned to the branches in Puerto Rico in 1950 and in 1956 was appointed Assistant Manager. He was appointed Associate Representative in Mexico City in 1959.

In his new position Mr. Lewis succeeds Manuel Prado, who will assume new duties at the bank's head office in New York.

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James S. Rockefeller, Chairman, and Frank T. Mitchell, Senior Vice-President, will be present at the opening ceremony of the **First National City Bank of New York's** first Jamaican branch on Sept. 10 at Kingston, Jamaica.

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Appointments of William J. Slattery and Raymond J. Stallings as Assistant Secretaries of **Manufacturers Trust Company, New York,** and Richard H. Moore, Jr., as an Assistant Treasurer were announced by Horace C. Flanigan, Chairman of the Board.

Mr. Slattery came to the bank in 1947. He is assigned to the bank's West Side office.

Mr. Stallings, joined the bank in 1950. He is assigned to the bank's Rockefeller Center office.

Mr. Moore joined the bank in 1956. He is assigned to the bank's National department.

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Marking the 30th anniversary of his service with the institution, Everett J. Livesey, President of **The Dime Savings Bank of Brooklyn, Brooklyn, N. Y.** was tendered a luncheon Sept. 2 by the bank's officers and trustees.

Mr. Livesey joined the bank's staff in September, 1930, as a Clerk, and was elected President in June of 1958.

During his 30 years with "The Dime," Mr. Livesey has seen the bank grow enormously — from 147,700 depositors and $161,698,000 in total assets in 1930, to the 562,545 depositors in regular accounts and $1,156,672,049 today.

In the 25 months since he became President, "The Dime" has added 61,000 depositors and has increased its assets by over $102,500,000.

* * *

The Lincoln Savings Bank of Brooklyn, Brooklyn, N. Y., has filed an application with the Banking Department of the State of New York, for approval of change of name to **The Lincoln Savings Bank.**

* * *

John A. Maher, who was Vice-President of the **New York Savings Bank, New York** 10 years and served with the **Bank of the Manhattan Company, New York,** has been elected President of the **Brevoort Savings Bank, Brooklyn, N. Y.,** and will take office Oct. 1.

Vice-President Terence P. Smith has been appointed a Senior Vice-President. Assistant Treasurer Luke A. Baione has been elected Treasurer. James C. Ryan, an Assistant Treasurer, has been elected a Vice-President.

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The Meadow Brook National Bank of Nassau County, West Hempstead, N. Y. has made plans and taken action to become the first suburban bank to extend its operations into New York City. Arthur B. Weller, Chairman, said merger agreements have been signed with the **Colonial Trust Company, New York** and The **Queens National Bank, Springfield Gardens, N. Y.**

The Colonial Bank would add five offices in Manhattan and Brooklyn and about $85,000,000 in resources and the Queens National Bank would add five offices in Springfield Gardens and Queens and about $30,000,000 in resources giving Meadow Brook a total of $575,000,000 in resources, and 55 offices.

Such a merger will be effected under the Federal and State Laws in existence before the passage of the Omnibus Banking Law.

Counsel for the Bank said that under these circumstances the Meadow Brook Bank would have to forfeit its status as a country bank member of the Federal Reserve System and become a "reserve city" Bank when headquarters are moved to Queens.

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The Directors of the **Huguenot National Bank of New Paltz, N. Y.** and the **State of New York National Bank of Kingston, N. Y.** have agreed to merge the two institutions. Though the merger is subject to the approval of the stockholders of the banks and the Comptroller of the Currency, they have planned to make it effective next Jan. 1.

The State of New York Bank's assets, after acquiring the **National Ulster County Bank,** on June 15 was $18,548,579. The New Paltz Bank listed assets of $5,412,857, on June 30.

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The Peoples Bank of Haverstraw, Haverstraw, N. Y. filed an application to change its title to **The Peoples Bank of Rockland County,** with the Banking Department of the State of New York.

* * *

The Union National Bank of Troy, Troy, N. Y., by a stock dividend, has increased its common capital stock from $500,000 to $600,000, and, by the sale of new stock, from $600,000 to $660,000, effective Aug. 26.

(Number of shares outstanding —33,000 shares, par value $20).

* * *

By a stock dividend, **The Colonial-American National Bank of Roanoke, Va.,** has increased its common capital stock from $1,500,000 to $1,750,000, effective Aug. 22.

(Number of shares outstanding —175,000 shares, par value $10).

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By a stock dividend. **The Old Phoenix National Bank of Medina, Medina, Ohio,** has increased its common capital stock from $550,000 to $687,500, and, by the sale of new stock, from $687,500 to $825,000, effective Aug. 25.

(Number of shares outstanding —33,000 shares, par value $25).

* * *

The application of the **Old National Bank in Evansville, Evansville, Ind.,** and the **Indiana Trust and Savings Bank of Evansville, Ind.,** to consolidate under the title of the **Old National Bank in Evansville** has been approved. The effective date is Sept. 2.

* * *

The Citizens National Bank of Macomb, Ill., has increased its common capital stock from $100,000 to $200,000, by a stock dividend, and from $200,000 to $300,000, by the sale of new stock, effective Aug. 22.

(Number of shares outstanding —3,000 shares, par value $100).

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The Directors of **The United States National Bank of Omaha, Omaha, Neb.,** announce the retirement of Ellsworth Moser, Chairman of the Board of Directors. Mr. Moser will continue to serve as a member of the Board.

Edward W. Lyman, President, becomes Chief Executive Officer of the Bank.

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The Washington National Bank, Washington, Kan., with common stock of $25,000, has gone into voluntary liquidation and was absorbed by **The First National Bank of Washington, Washington, Kans.** The resolution, made by its stockholders, is dated Aug. 6, and is effective as of Aug. 6. Mr. F. R. Lobaugh was the liquidating agent.

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The merger proposal of the **Citizens Fidelity Bank & Trust Co., Louisville, Ky.** and the **Bank of Louisville, Louisville, Ky.,** has been turned down by the Federal Reserve Board because, the Board said, it could not find the merger to be in the public interest. The effect on competition was one reason cited by the board for disapproving the merger.

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The First Union National Bank of North Carolina, Charlotte, N. C., has increased its common capital stock, by a stock dividend, from $3,050,000 to $6,100,000, effective Aug. 22.

(Number of shares outstanding —1,220,000 shares, par value $5).

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By the sale of new stock, the **First National Bank in Albuquerque, Albuquerque, N. Mex.,** has increased its common capital stock from $3,375,000 to $4,625,000, effective Aug. 25.

(Number of shares outstanding — 370,000 shares, par value $12.50).

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George L. Lorimer, Jr. has joined **The Bank of California, San Francisco, Calif.,** as Assistant Vice-President it was announced by Edwin E. Adams, President.

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The **Bank of Montreal, Montreal, Canada** has announced the appointment of Lucien G. Rolland as a Director. Mr. Rolland is also Director of the **Royal Trust Company, Montreal, Canada.**

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Mr. F. William Nicks, President of the **Bank of Nova Scotia, Halifax, Nova Scotia,** has announced the appointment of Edward D. Loughney as a Director of the bank.

Twin City Inv. Women To Hold Meeting

MINNEAPOLIS, Minn. — Twin City Investment Women's Club will hold a meeting at The Midway Motor Lodge, St. Paul, Minn., Sept. 21. There will be a business meeting for the purpose of electing new officers for next year.

R. L. Steele Opens

WASHINGTON, D. C.—Robert L. Steele is engaging in a securities business from offices at 1505 Forty-fourth Street, N. W.

Paul Trouche Opens

CHARLESTON, S. C. — Paul E. Trouche is conducting a securities business from offices in the Peoples Building under the firm name of Paul E. Trouche Co.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Bank Stocks

PACIFIC NORTHWEST BANK STOCKS

Five of the nation's fifty largest commercial banks are located in the Pacific Northwest to service banking needs in the States of Oregon and Washington. In prewar years this region relied mostly on such primary production as forest products (lumber, plywood, pulp) and agricultural crops. In more recent years, aided by population growth and water power development, manufacturing and processing activities have brought diversification to the area's production. Tourism, construction, military installations, shipbuilding and aircraft manufacturing have grown in importance. With the growing significance of West Coast commerce and the extension of statehoods to Alaska and Hawaii, added geographic importance has been given to the area.

Commercial banking in Oregon contrasts sharply with other states. Its two largest banks, The First National Bank of Oregon (controlled by Firstamerica Corp.) and The United States National Bank of Portland, account for about 85% of that state's total bank deposits. Statewide branch banking is conducted by both institutions. Through stock ownership in Firstamerica Corp., the nation's largest bank holding company, representation is provided not only in California and Oregon and other Western states but in the State of Washington as well. Firstamerica holds the majority control of National Bank of Washington, Tacoma, the fourth largest bank in the state.

Another way a stockholder can obtain an interest in the region's banking is through stock ownership in The Bank of California, National Association, which has a branch office in Portland, Ore., and one office each in Seattle and Tacoma, Wash. Serving the State of Washington is the largest bank of the region, Seattle First National Bank. Another leading bank in the Pacific Northwest is the National Bank of Commerce, Seattle, controlled by Marine Bancorporation.

Major Pacific Northwest Bank Stocks

	*Deposits (millions)	1960-59 Approx. Bid Price Range	Recent Mean Price	Indic. Div.	Yield %	Shares Outstdg. (000)
Firstamerica Corp.	$995.0	32-21	26	$0.80	3.1	16,718
Seattle First Natl. Bk.	892.8	50-38	48	1.50	3.1	2,500
U.S. Natl. Bk., Portland	768.8	73-64	73	2.60	3.6	1,150
Bank of Calif., N. A.	581.9	51-40	42	1.60	3.8	1,542
Marine Bancorporation	505.8	125-92	107	3.60	3.4	361

*June, 1960; For Firstamerica, deposits of Oregon and Washington banks only.

Firstamerica Corp. owns about 66% of the stock outstanding of the First National Bank of Oregon (formerly The First National Bank of Portland). First National operates 82 offices throughout Oregon; four additional branches are being added in 1960. Recent developments include the naming of a new president, Ralph J. Voss, who assumed office this month. Formerly Mr. Voss was Senior Vice-President of California Bank. In 1959, the Firstbank College Education Plan and the Firstbank Ready Credit Plan were inaugurated as extensions to the bank's loan services. National Bank of Washington, 52% owned by Firstamerica, operates 27 offices. For 1960 consolidated earnings for Firstamerica are estimated at $1.75 a share compared with $1.51 a share earned in 1959.

Seattle First National Bank not only is the largest bank in Washington but the leading bank in the Pacific Northwest. Of its network of offices, soon to exceed 90, 17 are presently located in Seattle. Earnings for 1960 are expected to approximate $3.90 a share compared with $3.38 earned in 1959.

U. S. National Bank of Portland, second largest bank in Oregon, has gained national attention by having adopted on a large scale automation procedures for the handling of its paper work. A total of 73 branches presently are operated and additional branches are planned. Its investment holding company, U. S. National Corp., is being liquidated and the second and final liquidating distribution will be made about Oct. 1 to stockholders. The regular 65c quarterly dividend rate is being supplemented by a stock dividend of one share for each 11½ shares held, payable Oct. 20, to holders of record Oct. 5, 1960. E. J. Kolar assumed the presidency of the bank this year. Based on shares presently outstanding 1960 earnings are estimated at $6.90 compared with $6.13 for 1959.

Bank of California, headquartered in San Francisco, due to a unique charter operates directly in three states. Although further branch office expansion is limited to California, its main area of operation with 15 offices, its offices in Portland, Ore., and Seattle and Tacoma. Wash. have been long established. In December, 1959 the annual dividend rate was increased from $1.40 to $1.60 and in March, 1960, stock outstanding was increased 20% by a rights offering at 40 to stockholders. Earnings in 1960 may approximate $3.60 a share.

Marine Bancorporation, a holding company, has as its major asset the stock of National Bank of Commerce of Seattle which operates 60 banking offices throughout Washington. Of the total shares outstanding the marketable 352,806 shares represent non-voting but fully participating stock. Earnings for 1960 could approximate $10 a share, compared with consolidated earnings of $9.46 for 1959. Stockholders this month will receive an increase in dividend payment, since the annual rate recently was raised to $3.60 from $3.40. Cash dividend increases have occurred in each year since 1954.

Growth in the Pacific Northwest is expected to continue at a rate somewhat above growth generally in the United States. The stocks of the above leading banks offer additional growth through branch banking characterizing the region and from deposit strength, due especially to the small percentages to the total represented by correspondent bank deposits.

What Should Be Done About Monetary Silver Program

Continued from page 3

Arthur M. Schlesinger, the historian, appraises the Silver Purchase Act of 1934 in devastating terms. "Roosevelt," he writes, "surrendered to political blackmail on the part of the silver bloc . . . The Silver Purchase Act, in short, assured the producers of silver a lavish subsidy, while the government received in exchange growing stocks of a metal which it did not need and for which it had no use." He adds:

"The silver policy represented the most remarkable—as well as the least remarked—special interest triumph of the period. A minor industry, employing in 1939 (after five years of subsidy) less than 5,000 persons, the silver industry, in effect, held the government to ransom, extorting nearly a billion and a half dollars in the 15 years after 1934—a sum considerably larger than that paid by the government to support farm prices over the same period. . . . No legislation passed in the New Deal years had less excuse. 'Our silver program,' Morgenthau confessed in 1935, 'is the only monetary fiscal policy that I cannot explain or justify'."

It All Began in 1878

In all the world only one country subsidizes silver mining through silver purchases: the U. S. The first law for this purpose was the Bland-Allison Act of 1878. This called for the mints to buy silver and coin it into standard silver dollars. It was recognized at the start that the public would object to handling the millions of "cartwheels" which were to be minted under this law. So the law introduced the silver certificate, redeemable dollar for dollar in silver coins. The Bland-Allison cartwheels thus were forced into circulation by proxy. Other silver purchase acts were passed to please the silver senators and their allies in 1890, 1918, 1933, 1934, 1939 and 1946.

Today, as a result of these acts of Congress, millions of brand-new silver dollar coins with ancient dates lie in bags in the vaults, alongside endless stacks of bar silver—all held as "security" for the small-denomination bills we use as currency. Mr. Hardy in his article states that "silver certificates are circulating money which are backed by silver on deposit at the Treasury and are payable in silver on demand." Indeed, silver propagandists claim that the silver certificate is today the only U. S. money that is redeemable in metal, now that the government does not pay out gold coin domestically. But this claim is both false and meaningless. It is false because under the law any form of U. S. currency is exchangeable for any other form of currency. You may obtain silver dollars with Federal Reserve notes or greenbacks as readily as with silver certificates. It is meaningless because no one wants to exchange paper money for heavy silver dollars containing only 70¢ worth of silver.

Commerce Department Endorses Silver Repeal

EDITOR'S NOTE: Since Mr. Bratter's article was prepared, Under Secretary of Commerce Philip A. Ray has written Chairman A. Willis Robertson of the Senate Banking and Currency Committee of the Department's interest in silver as a commodity in commerce. The letter states:

"The Department of Commerce feels that enactment of S. 3410 would serve the interests of users of silver in the arts and industries and of the consuming public, and would be consistent with general Administration policies with respect to the extension of governmental regulations and operations in the field of business."

If all our $1 and $5 bills were marked: "This note is by law legal tender for its face value but is not redeemable in any way," the public still would accept them as readily as now, because we simply must have folding money to transact our daily business and, so long as the government's printing presses do not run wild, any official banknotes will be acceptable. Few of us realize that almost every dollar bill we see came into being through the silver mining holdup. Foreign silver buying by the Treasury has stopped, but the domestic subsidy is now a permanent law.

Silver Under Roosevelt and Eisenhower

To the historian it is ironical that the present silver subsidy got its start under the New Deal but today finds the Eisenhower Administration its chief friend. FDR was willing to do a little something for silver in 1933 as a reward to his western supporters, but he soon found he had to give those greedy interests a lot more. The New Deal eventually became fed up with the program. In 1942 Secretary of the Treasury Henry Morgenthau, Jr., told a press conference: "I recommended twice now on the Hill this year that all the silver legislation be struck from the books."

Yet, in 1955, when the Senate held hearings on repeal legislation, the most important support for retention of the subsidy laws came from the Treasury Department in the person of Under Secretary W. Randolph Burgess. The silver bloc got all the aid and comfort it wanted from the testimony of Burgess and Federal Reserve Board Chairman Martin. This year, following the introduction on April 25 of the repeal bill S. 3410 by Senators Green, Bush, Dodd and Pastore, a bill which Mr. Hardy's article derides as "raiding the Treasury of its silver reserves," the Banking and Currency Committee wrote to ask the opinion of the Treasury Department on the measure. The Treasury as yet has not seen fit to reply, knowing that without an opinion from the Treasury hearings would not be held. Presumably political considerations motivate Treasury policies on this subject as much as ever, especially as this is an election year. In 1955, it is said, the Treasury's mentioned attitude was designed to aid a certain western Republican Senator, soon to be up for re-election. Of S. 3410's four sponsors, three are Democrats.

Silver Act's Goal

Mr. Hardy cites the stated "goal" of the 1934 Silver Purchase Act. That goal was in fact abandoned by Secretary Morgenthau in fiscal 1942 and has not since been revived. It fits the definition of a "dead letter" in the statutes.

The present domestic silver subsidy stems from the President's proclamation of Dec. 21, 1933, opening the mints to domestic newly-mined silver on terms far above the then market price. This proclamation put into effect the London Silver Agreement, which was negotiated—quite without authority—by Nevada's Senator Key Pitman. The proclamation, renewed various times, eventually was replaced by a permanent law in 1939. The 1933 proclamation and its successors directly subsidized domestic silver mining; but indirectly, by removing the U. S. production from the market, benefited silver interests everywhere. Today and forever, unless the law is repealed, U. S. silver mines are guaranteed a Treasury market for their metal at a minimum price of 90½ cents an ounce.

Silver Speculators Trail Discreetly Stopped

The generous 1933 proclamation did not satisfy the silver interests and their allies, notably speculators in bullion. It just whetted their appetite for more. Inflationists like Oklahoma's active Senator Elmer Thomas and speculators like the Committee for the Nation, a progaganda group, and the Rev. Father Charles E. Coughlin of Royal Oak, Mich., clamored for a bigger silver purchase law and for nationalization of the bullion they were hoarding. Father Couglin charmed millions of radio listeners with his Sunday discourses urging action for silver, the while he was trading in the white metal under the name of Amy Collins. The Treasury, in a belated effort to block the senseless silver drive, compiled a list of silver speculators. The trail led right to the steps of the Senate Office Building. There it discreetly stopped. Nonetheless, the Congress passed the Silver Purchase Act of 1934, calling for silver purchases on a vast scale.

The 1934 Act was a compromise that fell short of reviving bimetallism. Theoretically we still adhered to the gold standard. But the stated goal was to increase our stock of monetary silver until its "monetary value" should equal one-fourth of the value of our gold and silver combined. At the time the ratio stood at 10.3%.

Today silver mining spokesmen in Washington insist that the Treasury may not diminish its silver hoard but must keep adding to it because the 1934 act was mandatory. But, being a compromise, the act also was discretionary. In the beginning the Roosevelt Administration kept its bargain with the Senators and bought silver all over the world "enthusiastically"; so much so that the last silver standard countries exchanged their metal for American gold. Indeed, Morgenthau bought silver so enthusiastically that the world market price soared, the domestic proclamation price was given two big boosts, and foreign countries were economically injured as their circulating silver coins were drawn into the melting pot. Finally the Administration tempered its enthusiasm. Purchases abroad were reduced and, by 1942, finally ended. The mandate of the 1934 act was quietly shelved in favor of the authorized discretion.

Under the Silver Purchase Act of 1934 the U. S. Treasury acquired more than 2,160,000,000 ounces of silver for which the sellers received $1,084,000,000. Since the Treasury paid for the silver by issuing silver certificates up to the "cost value" thereof, it is argued that the program has cost the Treasury nothing. The silver purchase program has not been a charge on the Federal Budget. Silver purchases are made with newly-printed certificates. The silver certificates paid out, mostly to foreigners, have constituted an inflation of the U. S. stock of currency. As the silver sellers ultimately spent here the dollar proceeds of their sales to the Treasury, the goods and services they acquired in exchange constituted the cost of the program to the U. S. economy. Moreover, under other silver laws U. S. mines have received more than $700,000,000 for newly-mined domestic silver which the Treasury was obliged to buy.

Subsidies to Mines and Users Compared

While, thanks to American Treasury purchases, silver has been taken out of monetary use in many foreign countries, industrial uses for the metal have greatly increased. After World War II the metal had become so scarce that silverware, chemical, film and other manufacturers were forced by the existence of the silver-mining subsidy to seek legislation allowing the Treasury to sell idle silver to U. S. industry. The mining bloc finally consented to this, provided that the U. S. mints should be forever open to deposits of silver at the guaranteed price of 90½ cents an ounce. This was done. The domestic subsidy, previously limited, was made perpetual. Sales to industry, optional with the Treasury, were authorized at the same price. Thus, whenever silver sells in the market at above the mentioned price, any purchases which industry is allowed to make from the Treasury include a subsidy to the extent of the excess.

How this arrangement has worked out in practice the figures reveal. During the last 10 fiscal years mining companies found it to their financial advantage to sell about 288,000,000 ounces of silver to the mints, while users found it to their advantage to buy some 30,700,000 ounces from the mints. The arrangement appears to have favored the miners by almost 10 to 1.

Ever since the Treasury started taking in silver in 1933, thereby reducing the market supply, American silver consumers have been paying more than necessary for the metal. Silver is an element of cost in a wide range of American industrial products, not only civilian but military.

Unimportance of Silver Mining

Silver mining is an activity of rather minute importance to the American economy. Even in the western states where silver is mined, largely as a by-product of other metals, the output of newly-mined silver is not of major consequence. In Nevada, whose Senators led in the clamor for silver purchases in the 1930's, the divorce crop was far more important. At that time our national production of silver was far less valuable than a long list of commodities not favored by government subsidies. Among these were hay and forage, soap, cordage and twine, envelopes, chewing gum, linoleum, processed nuts, macaroni, spaghetti and noodles, lemons, strawberries, leather gloves. Even the glue and mucilage industry was more important than silver.

In the seven silver states in 1933 silver produced was only 6.47% of the value of all minerals produced there; and equaled only 2.59% of the same seven states' farm income. These percentages declined while silver was subsidized. In 1937 only 0.85 of 1% of the total accountable income of the seven silver states came from their silver output. For the nation as a whole silver was of microscopic unimportance. Newly-mined silver in 1937 accounted for only 0.08 of 1% of the U. S. total accountable income. Yet this was the industry which has cost the nation many hundreds of millions of dollars since 1933. How was this program put over?

How Silver Became Subsidized

The answer is simple. Seven states accounted for 14 Senators, or about a seventh of the Senate. Given the Senate's rules of debate, this bloc of Senators were in a position to hold up vital measures unless bought off. Because silver has been used as money for centuries, and because the great depression had awakened the always present inflation sentiment in the farm belt, the silver Senators were able by logrolling to gather votes from other Senators. And they were aided, as mentioned, by the propaganda of outside organizations and individuals motivated by the possibility of private gain. Lobbying efforts were intense. Even Father Coughlin, then a power in forming public opinion, told a reverent House Committee absurdly that silver purchases would enable China to buy "our bathtubs, our shoes and our shirts."

The accompanying list, drawn from U. S. Government compilations, reveals the striking unimportance of silver in today's economy. Every item on the list is of greater importance than silver. As a matter of fact, silver-plated flatware and sterling flatware combined have more than double the importance of silver in the government compilation. This is without taking into account silver holloware or any other silver-using products.

Relative Importance of Silver and Selected Commodities, December 1957, as Calculated by Department of Labor

SILVER	.037	Burlap	.078
Silver-plated flatware	.052	Men's wallets	.041
Sterling flatware	.040	Toilet water	.039
Strawberries	.057	Shampoo	.049
Snap beans	.084	Toothpaste	.056
Hay	.102	Men's tennis shoes	.084
Hayseeds	.053	Writing paper	.095
Macaroni	.098	Waste paper—old corrugated boxes	.053
Cornflakes	.040	Gummed sealing tape	.084
Shrimp	.052	Coin-operated phonographs	.049
Tomato catsup	.049	Sofa beds	.051
Thread	.058	Rubber floor tile	.038
Pickles	.077	Glass sauce dishes, household	.062
Flavoring syrup	.364	Plate glass mirrors	.038
Peanut butter	.074	Pins, fasteners & similar notions	.073
Rayon satin ribbon	.039		
Boys dungarees	.045		

***Source:* Bls, Wholesale Price Index: Relative Importance of Individual Commodities, December 1957, Based on 1954 Weight Diagram. Issued August 1958.**

Hardy's Plea Unconvincing

Mr. Hardy's article calls the silver program "one of the pillars of our monetary system"; a "bulwark." Gold, he says, is needed—in some way he does not identify — "for larger denominations and silver for smaller." There is not the slightest basis in U. S. law for this strange distinction made by the mine president.

Mr. Hardy offers us some economic theories as to intrinsic value and demand and supply. He says:

". . . Manufacturers in New England . . . are . . . sometimes joined by various economists of the armchair variety whose advocacy of a totally managed currency stumbles when it encounters the principle of intrinsic value, the only monetary theory that has been successful throughout all the history of mankind . . ."

New sources of silver will have to be found, Mr. Hardy notes, adding:

"The age-old laws of supply and demand could bring that about [ah!] by an increase in the price of silver unless the proponents of repeal are able to stall the process by raiding the Treasury."

How Mr. Hardy would define an "armchair economist" we can only imagine. His own economic consultant is the only American economist known to the writer since 1933 who has defended the silver program. Probably all other economists sit in armchairs.

As for Mr. Hardy's reference to "intrinsic value" and "demand and supply," there seems to be some inconsistency in his reasoning. The "mercantilist" economists of the 18th century believed —as does Mr. Hardy—that it was good for a nation to import and hoard silver, but bad to export

it. They preferred gold and silver to other forms of wealth. Thinkers of the 16th and 17th centuries conceived of value as inherent in things, as "intrinsic." The evolution of an exchange and money economy changed this. Money, it was learned, is generally not wanted for itself, as millions of unredeemed silver certificates bear witness.

So, by the end of the mercantilist period value had come to be generally regarded as what Hany calls "an extrinsic market phenomenon dependent upon exchange." Extrinsic value was seen to be dependent on demand and supply.

But enough of "armchair" economics.

The Senate Bill

Mr. Hardy's article argues that to accept the Senate Bill S.3410 will put an added burden on an overstrained gold reserve, if Federal Reserve notes are substituted for outstanding silver certificates. This "would create more fiat money," he adds, ignoring the fact that all silver certificates and standard silver dollars are and always have been fiat money since 1878.

It should be noted that the bill, S.3410 and its House counterpart, HR11744, do not require the substitution of Federal Reserve notes for silver certificates. The bill relieves the Treasury of the present obligation to hold "one dollar in silver" as security for each $1 of silver certificates. Instead of that 100% reserve, the bill would in effect let the Treasury reduce the reserve as low as it wishes. The bill, in fact, does not require the Treasury to hold any silver for the redemption of silver certificates. Instead, it provides, as does existing law, that silver certificates shall be exchangeable for any other form of lawful money. All our money domestically is fiat money.

Mr. Hardy regards the bill as a silver users' raid on the Treasury. Such a charge, coming from a beneficiary of the mining subsidy, is ironical. The silver bloc engineered a succession of raids, not on the Treasury, but through the device of "monetary legislation," on the general public. True, the authors of S.3410 represent silver-using states; but this is not true of Repr. Edgar Hiestand of California, author of HR11744.

Silver Act's Goal an Anachronism

The 1934 Silver Purchase Act's stated objective of building up our stock of monetary silver to one-fourth the total of gold and silver is meaningless so far as our monetary system is concerned. In that system any silver reserves at all are an anachronism. When the Act was passed the ratio was about 10.3%. In 1954, after all the silver buying, the ratio was up to only 15%, for meanwhile our gold stock had grown. Now that we have a balance of payments deficit and are losing gold to foreigners, the ratio has reached 18.4%. If we lose a few more billions of gold the silver-gold ratio will automatically reach the 1934 objective.

As mentioned, the Treasury by 1942 had given up pursuing that goal. But when Senator John G. Townsend (R., Del.) in 1940 was rallying the Senate behind his bill to repeal foreign silver buying, Morgenthau privately favored the measure, but his assistant Dr. Harry D. White, prevailed upon him to defend, in the interests of politics, a program "initiated for rather silly reasons and supported for sillier reasons." Led by Townsend the Senate twice voted to repeal the foreign silver program, notwithstanding the Administration's position. Were the Administration of 1960 to request repeal, the silver statutes would be readily expunged.

Presents a Silver Program

What should be done about silver? New legislation should prohibit Treasury acquisition of silver bullion so long as there is any idle silver in Treasury vaults. Neither newly - mined domestic or foreign silver should any longer be subsidized by Treasury purchases, whether mandatory or optional. Instead the Treasury should be directed by law to meet its coinage needs for bullion out of past silver acquisitions.

The requirement that the Treasury keep a dollar in silver as reserve for each outstanding silver certificate should be repealed. There is no good reason why the silver dollar should be retained in our currency system.

To the extent that silver is not needed by the mints to satisfy the public demand for dimes, quarters and half dollars, all surplus silver in the Treasury should be gradually sold. The law should authorize and direct the Treasury to sell silver in its discretion, whereever and whenever advantageous to the government.

The vast official silver hoard cannot be sold overnight without drastic effects on the silver market. But over a period of years it can be sold. The silver should not be indefinitely withheld from sale just because it would have to be sold at less than the artificial value at which most of it is carried on the Treasury's books. Nor does it follow from the foregoing that it would necessarily have to be sold at less than the cost to this country.

Any losses in terms of book value would in the first place offset seignorage or profit taken by the Treasury while putting the purchased silver into the monetary system at a valuation above the metal's cost. As necessary and as incurred through sales of silver, book losses should be charged against the Budget, just as the seignorage was credited to the Budget.

Whatever the Treasury can get for the silver in years to come will be better than what the government is getting for surplus farm products, which are either given away as foreign aid or sold abroad for unspendable foreign currencies.

The Eisenhower Administration, advocating as it does sound monetary policy, should have taken the leadership in seeking Congressional elimination of the anachronistic silver statutes. But it has left this move to its successor.

Don't Look to Pension Funds As Mortgage Credit Source

Continued from page 10

gated assets invested in the mortgage market remains the same.

Insured Funds Seek Stocks

Already some legislation has been passed in a number of states having features which, in the final analysis permit larger purchases of equity funds by the companies.[20] All of this would seem to mean that the insured pension funds are looking toward equity investments and therefore will indirectly reduce the amounts of insured pension funds as a source of supply for residential mortgages.

Some may argue that as the insured pension plans increase that the insurance companies will therefore have additional assets to invest and that they will seek to place a larger percentage of these assets in the residential mortgage market. This writer feels that the increase in insured pension assets will not have this effect, actually, an increase in the number of insured pension plans may have the effect of reducing assets available for the residential mortgage market. It may be that as individuals feel they will receive adequate pension payments in old age that they will shift out of policies in which reserves are rapidly acquired, and which reserves may be invested, to the term type policies. There is some evidence that this is taking place and will continue during the next decade.[21]

Between 1890 and 1958 the percentage of assets invested in mortgages ranged from a low of 14.8% in both 1945 and 1946 to a high of 43.1% in both 1926 and 1927.[22]

There appears to be a trend in recent years for the life insurance companies to stabilize their investment in mortgages at about 33% of their assets. Table II suggests that in 1970 the percentage of total assets invested in mortgages by life insurance companies will be about 30% or somewhat lower than the present rate of about 34%.

Conclusions

Although some have felt that the growing pension funds will provide a source of supply of money for the residential mortgage market, the evidence points to the fact that in relative amounts the coming increase in pension funds will have little or no effect. The non-insured funds have traditionally sought equities as an investment medium. The trend toward this will continue due to past earnings and threats of inflation. Even if prices stabilize, yields on equities will remain at a high enough level to be an attractive investment for the non-insured funds. As the size of funds increase there is a tendency to shift from government bonds to corporate bonds and stocks as a means of investing the increased funds. In addition the greatest money volume in the funds is controlled and will continue to be controlled by bankers whose thinking is geared to the equities market rather than the residential mortgage market. On the basis of all this it can be concluded that the non-insured funds will continue to play only a relatively small part in the residential mortgage market.

The insured pension funds will also remain a minute influence on the residential mortgage market. There will be a shift to more term policies during the coming decade, providing relatively less money for mortgage investments. Pressure by the companies will force more and more states to permit segregation of insured pension funds in order that there may be more investment by the companies in equities. This all suggests that the insured pension funds as well as the non-insured funds will play a very small role in the mortgage market in the coming decade.

20 Such legislation has been introduced or passed in Massachusetts, Connecticut, California, New Jersey, Oklahoma, Ohio and Pennsylvania.

21 *The Next Decade and its Opportunities for the Savings and Loan Business.* A preliminary report prepared for the United States Savings and Loan League by the School of Business, Indiana University, Bloomington, Indiana, November 1, 1959. "Lower premium forms of insurance are increasing in popularity, and these accumulate reserves much more slowly. Also, there has been an increasing tendency for beneficiaries to take the proceeds of insurance rather than leave them at interest with the companies." Page 25.

22 *Life Insurance Fact Book*, 1959, *op. cit.*, page 82.

TABLE II

Estimates of Total Assets and Residential Mortgage Holdings of Major Home Financing Institutions: 1970

(in billions of dollars)

Type of Institution	Total Assets*	Residential Mortgages — Amount	Residential Mortgages — % of Total Assets
Savings and Loan	165.7	137.5	83.0
Life Insurance	190.6	57.2	30.0
Commercial Banks	414.4	37.3	9.0
Mutual Savings Banks	58.0	34.8	60.0

*Total assets at end of 1958 were: savings and loan, $55.1 billion; life insurance, $107.4 billion; commercial banks, $240.1 billion; mutual savings banks, $37.8 billion.

Source: The Next Decade and its Opportunities for the Savings and Loan Business. A preliminary report prepared for the United States Savings and Loan League by the School of Business, Indiana University, November 1, 1959.

*Professor Unger's article also appeared in the July, 1960, issue of the *National Savings and Loan Journal.*

Dean Samitas to Form Own Firm

Dean A. Samitas is forming Dean Samitas & Co., Inc., with offices at 111 Broadway, New York City, to engage in a securities business. Mr. Samitas was formerly syndicate manager for R. A. Holman & Co., Inc.

To Be Tomes & Welsh

Effective Sept. 10 the firm name of Tomes, Welsh & Whaley, 120 Broadway, New York City, members of the New York Stock Exchange, will be changed to Tomes & Welsh. Frederick C. Whaley will withdraw from the firm.

With McDaniel Lewis

(Special to THE FINANCIAL CHRONICLE)

GREENSBORO, N. C.—Allison L. Barham is now with McDaniel Lewis & Co., Jefferson Building.

Joins J. Sturgis May

(Special to THE FINANCIAL CHRONICLE)

HIGH POINT, N. C.—Richard H. Owens has joined the staff of J. Sturgis May and Company, Security National Bank Building.

Staats Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Cecil A. Culp has become connected with William R. Staats & Co., 640 South Spring St. He was previously with Dean Witter & Co.

Now With Norman Roberts

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — Frank O. Mastick has joined the staff of Norman C. Roberts Company, 625 Broadway, members of the New York Stock Exchange. He was formerly with Walston & Co., Inc

Dave Saul Opens

Dave Saul is engaging in a securities business from offices at 100 West 42nd Street, New York City.

Form Hogan, Ashford

BOSTON, Mass.—Hogan, Ashford & Company, Inc. is conducting a securities business from offices at 141 Milk Street. Officers are William C. Hogan, Jr., President, and Theodore H. Ashford, Vice-President and Treasurer.

Inv. Planning Service

Howard Feldman is engaging in a securities business from offices at 33 West 42nd Street, New York City, under the firm name of Investors Planning Service.

Harris, Logan Opens in Detroit

DETROIT, Mich.—Merger of two leading Detroit securities firms was approved September 1 by the board of governors of the New York Stock Exchange.

Peter S. Logan

Under terms of the merger, all key personnel and office staff of Carr, Logan & Co., will become affiliated with Harris & Co., New York Stock Exchange member firm. Carr, Logan & Co., has been a member of the Detroit Stock Exchange since 1946.

The expanded firm, to be known as Harris, Logan & Co., opened for business Sept. 6, using both firms' former telephone lines.

Peter S. Logan will be general manager and resident partner. He formerly was a resident partner of Carr, Logan & Co.

Headquarters will be in the present Harris & Co. offices in the Book Building Lobby, Washington Boulevard and Grand River.

The firm's New York Stock Exchange seat is held in the name of general partner Emanuel J. Harris. It also has an associate membership on the American Stock Exchange and will retain a seat on the Detroit Stock Exchange. The last is in Mr. Logan's name.

General partners, in addition to Harris and Logan, will be Eugene Hesz, Robert E. Steinberg, Leo N. Youngs, Herbert E. Socall and Kenneth L. Blue. The first two were formerly Harris & Co. general partners; the last three were Carr, Logan & Co. general partners. Mr. Youngs will also be trading department manager.

Limited partners will be Robert B. Jacob, Richard J. Jacob, Glayden V. Fox and Lloyd A. Marentette. All have been associated with Harris & Co. since its founding.

The firm will continue its affiliation with Shields & Company, New York underwriter, as a direct wire correspondent and participant in underwritings. It will offer all Shields research and statistical services.

The merger marks a major expansion for Detroit's youngest New York Stock Exchange member firm. Harris & Co., which opened this February, was also the first Detroit owned brokerage firm to start with a New York Stock Exchange seat at its very inception.

Carpenter, Parr With Dean Witter & Co.

PORTLAND, Ore. — Richard L. Carpenter and A. Don Parr have joined the Portland, Ore. office of Dean Witter & Co., Equitable Building, as account advisors, the investment firm announced.

The new members of the Portland staff are graduates of the firm's intensive sales training program. The six months' program was inaugurated in 1945 and since then has produced 420 account advisors. Among them are 11 partners and 15 branch managers.

A. P. Barrett Co.

BALTIMORE, Md. — Walter E. Kennedy is conducting a securities business from offices at 218 Homewood Terrace under the firm name of A. P. Barrett and Co.

Opens Inv. Office

WILMINGTON, Del. — Baird C. Brittingham is conducting a securities business from offices at 835 Wilmington Trust Building.

Present and Future Trends In the World Oil Industry

Continued from page 7

seemed to be running out of oil, or that from here on our abiding problem will be to stop oil from running out of our ears. We may come to regard the finds in the Middle East and North Africa as exceptional; it is certainly true that no big oil fields have been discovered in the U. S. for the last 30 years. Nor must we forget the outlook for demand. In spite of centuries of ceaseless effort, the desire for comfort and leisure has never been completely satisfied in any society. Whatever the methods used in continuing this effort in the future, they will certainly call for more and more mechanical energy. We expect to see this fact reflected in a growth in the demand for energy in the free world by some 3% a year for the next 10 years, and probably by at least as much thereafter. (That rate is not so very much faster than the expected growth of population. It assumes that an increase in industrialization and living standards and, therefore, in consumption per head, will be partly cancelled out by increased efficiency of energy use.)

Based on this rate of energy growth, what has happened to the supply of oil, gas, coal, and hydro-power since 1950, and what might happen over the next five years? In America, we may not see much change in the energy pattern between now and 1965. But the progress of natural gas will be greatly affected by political developments. If the price is held down—and the necessary supplies are still forthcoming—the growth of gas could prove much faster than here shown. In Europe, oil and gas are likely to rise from about ¼ of total energy supplies to ⅓ by 1965. In the world as a whole, we expect oil and gas, which at the beginning of the century provided only a negligible fraction of the supply, to account for more than half the total energy used. In terms of coal equivalent, total demand would rise by almost 80% in 15 years — from 2,519 million metric tons in 1950 to 4,510 million metric tons in 1965.

The prospect of expansion in the petroleum market—about 3% a year in the U. S. A. and 7% a year in the rest of the non-communist world—is one of the industry's greatest strengths. A large oil company often shows a ratio of as much as $50,000 of capital employed per worker. For companies with this scale of overheads, a continued increase in volume can work wonders in improving profit margins. To my mind, this is more important than all our ingenious calculations to show how long demand will take to catch up with today's shut-in capacity. They are rather like those mathematical problems where you are presented with a man who has finished his bath and is trying to empty the tub but—for reasons that the text books never explain—he is still running water in. The trouble is that there is disagreement about how much water, in the form of surplus capacity, is already in the bath. There is still more disagreement over how much extra water, in the form of new capacity, will have had time to run in before the tub can be emptied.

A still further complication is that the industry is meanwhile doing all it can to make the plug hole larger. It is improving existing products—higher octane gasoline, detergent and all-weather motor oils, cleaner burning kerosene, less corrosive residual oil. It is finding new markets—there are now twice as many pleasure boats in this country as there were 10 years ago, and they provide a petroleum market of $160 million a year. The industry is developing new products; petro-chemicals, a profitable postwar progeny, now account for at least 2% of volume and probably 2-3 times that percentage of sales. To press forward with these new developments, oil companies are already spending $300,000,000 a year on research and will probably be spending twice as much by the end of this decade.

In spite of all the unknowns in the equation, I believe that the surplus capacity in the world today is still of manageable proportions. Oilmen have no need to suspect that (to borrow Joyce's phrase) the angel of death has kicked the bucket of life from their industry. On the other hand, the situation now facing it has raised several fundamental policy issues. I should like to call your attention to three of them.

Fundamental Policy Issues

The increasing calls, in the Congress and out of it, for a so-called national fuels policy are a direct result of the present energy surplus. Underlying these demands for the regulation of energy use is the assumption that economic forces can no longer be relied upon to bring about necessary adjustments between the different energy sectors. It is tempting to gallop off in an attack on this assumption, and to insist that market place pressures are quite sufficient to bring about any necessary changes. Unfortunately, this argument can have an unpleasantly Victorian ring. Nowadays we have to accept that neither land, nor labor, nor capital can be employed and shifted around with the freedom that Alfred Marshall and the other old masters used to describe. Nor is the consumer still the unfettered sovereign portrayed in the old textbooks. Particularly in Europe, where the coal industry is less flexible than in America, the capture of an established market by a newcomer such as imported oil calls for slow and difficult adjustments and is bound to arouse bitter resistance. But an expert report has recently been made on Europe's energy needs through 1975. It devotes a whole chapter to the case against a European fuels policy—and, I must add, to the case for keeping an open door to energy imports. It has not by any means enjoyed universal approval — there have been demands for a reconversion of oil-fired power stations back to coal, and for the selling of imported fuel oil at its "real" rather than "market" price. But I believe that it presents an unanswerable economic case. And the arguments against rigid government regulation, and against turning the present energy pattern into a strait jacket, are at least as strong in America as in Europe.

Long-term questions of cost and efficiency are also raised by another policy issue that has been brought to a head by the oil surplus. I need hardly point out that one of the reasons why America leads the world in productivity is that Americans use more mechanical energy per head than any other people. This in its turn reflects the abundance and the cheapness of mechanical energy. For a long time, the price of crude oil has moved closely in line with the price level as a whole. If we were now about to see a divergence of these two trends, with a relative increase in oil and gas and other energy prices, the implications for the entire economy could be serious.

TABLE III

Return on Net Assets

(Percent)

	Autos, Trucks	Chemic'l Products	Total Mfg.	Petroleum
1950__	32.3	21.3	17.1	15.2
51__	17.5	16.3	14.4	16.7
52__	18.5	13.7	12.3	14.5
53__	18.0	13.3	12.5	14.4
54__	21.1	14.5	12.4	13.9
55__	29.1	17.7	15.0	14.2
56__	15.7	15.6	13.9	14.7
57__	16.4	14.0	12.8	13.6
58__	8.8	11.1	9.8	10.2
59__	17.4	14.4	11.6	10.0

What are the chances that the U. S. market could be insulated from the world influences that are tending to hold down energy prices? Many people hoped that the introduction of first voluntary and then mandatory import controls would set the stage for a sustained increase in domestic crude oil prices. The events of the last three years have been most disappointing to them. But in any case, in their preoccupation with the immediate foreign threat, they were apt to overlook the domestic competition. Gas and coal have been hungrily eyeing the crude oil markets, and could be relied upon to move in strongly if crude oil prices got out of line. Shale oil in the U. S. A. and tar sands in Canada are only waiting for crude oil to raise the price umbrella so that they can become fully competitive. Nuclear energy has begun (prematurely, perhaps) to nibble at the power station fuel business. In a market like this, it is hard to make profits—least of all monopoly profits—but easy to price yourself out of customers. Too much reliance on import restrictions could prove ineffective and dangerous medicine.

There has been tremendous growth, in the space of only 20 years, in the international movements of oil. Note how fast the sources and destinations have changed, and will doubtless continue to change, in the quest for a continued flow of abundant and low-cost energy.

Capital Required

The third major issue that I want to mention is of particular concern to a group of bankers. To meet the energy need that can now be clearly foreseen, spectacular amounts of capital will somewhere have to be found. This is true even in the present phase of cost cutting and investment paring—which is likely to endure for a number of yaers to come. The group of some 25 integrated companies on which the Department of Commerce bases its business investment projections will pour a total of $2.6 billion into plant and equipment in 1960—a rise of 6% over last year.

Even a period of sail-trimming can be expensive for an industry that wants to stay in business and to meet an expanding demand. Refineries have to be modernized both to save manpower and to improve quality. New products call for expensive new equipment. Efficient transport fleets and new pipelines and an adequate system of bulk terminals are needed to keep down bulk operating costs in an era of stiff competition. At the retail level, you do not have to go far outside to see the value of, say $75,000 (most of it borrowed money anyhow!) invested in a service station that will provide a sure market for possibly 200,000 gallons a year of gasoline and 2,-000 gallons a year of lubricating oil. This helps to explain why the Department of Commerce survey shows a jump this year in both refining and marketing investments.

When we turn from year-to-year movements and think in terms of the long haul, the scale of the industry's capital needs stands out still more sharply. Using more generous definitions and a more comprehensive group than the Department of Commerce, the domestic oil and gas industry may need to invest at a rate of some $8-10 billion a year by the end of this decade. To meet Western Europe's oil and gas requirements, some $3 billion a year may be needed. Allowing for other investment abroad, the industry's capital needs over the coming decade might add up to a total of as much as $150 billion in today's dollars.

In the unusually active period behind us, some 15% of the industry's long-term capital needs were raised from outside the oil companies. Even if parts of the investment effort can henceforth be scaled down, we cannot expect to see the industry covering all its future financial needs from internal sources. If it is to raise the necessary sums, it must be able to offer an attractive return to outside investors.

Table III reveals the decline over the last decade in the per-cent return on capital invested in the U. S. oil industry, and contrasts the more favorable record of the other two largest manufacturing groups. But the basic strength of the oil industry stands out clearly when we turn from percentage to dollar figures. Oil company earnings after tax were $2.8 billion in 1959, and Table IV shows oil as still the largest earner of all U. S. industry groups. Adding back amortization and depreciation, the cash flow has been, and promises to remain, even more impressive. In 1959 it stood at nearly $5 billion.

The earnings and cash flow figures indicate a solid basis on which to build a financing program. But this does not relieve the industry of one clear responsibility. Its capital needs are on such a scale that, like Caesar's wife, it must not only be well managed, but be seen to be well managed. It must not appear to be drifting along, in the words of a recent off-Broadway hit, simply criticizing the inevitable.

To my mind, this does not necessarily mean that startling new machinery will have to be created to manage the surplus that now exists both at home and abroad. There has been talk about introducing some kind of international prorating system. Unending difficulties would be involved in trying to get governments of producing countries, let alone of consuming countries to agree on a system of limiting national production—except possibly that of Russia or of some other country not party to the agreement. But the fact remains that an adequate and sustained flow of capital can only be assured if the present surplus is so managed that it serves as a comfortable cushion of future supply, rather than a suffocating blanket of excess production.

All of us, particularly in the banking business and particularly in the Southwest, are watching with fascinated interest to see how the industry meets the dramatic challenge facing it. It has to show that it can treat the present world-wide surplus as a blessing not a curse. It must do so without becoming ensnared in controls and regulations that would cramp its future growth — yet without running to such excess that the necessary investment funds would be scared away. This may sound a tall order. But it is one that has been met successfully in the past. The industry has got used to sudden changes in the pattern of production, trade and markets. It will undoubtedly continue to adjust rapidly to them rather than attempt to sweep back the tide.

TABLE IV

Earnings After Taxes

(Billion Dollars)

	Autos, Trucks	Chemical Products	Total	Petroleum
1950__	1.1	0.7	1.8	1.9
51__	0.6	0.6	1.2	2.3
52__	0.7	0.6	1.3	2.2
53__	0.7	0.6	1.3	2.4
54__	0.8	0.8	1.6	2.5
55__	1.7	1.0	2.7	2.8
56__	1.1	1.0	2.1	3.1
57__	1.3	1.0	2.3	3.2
58__	0.7	0.8	1.5	2.6
59__	1.5	0.1	2.6	2.8

*An address by Mr. Symonds before the Southwestern Graduate School of Banking, Southern Methodist University, Dallas, Texas.

Courts & Co. 35th Anniversary

ATLANTA, Ga. — Courts & Co., 11 Marietta Street, N. W., Investment bankers and brokers, this month marks its 35th year in business. Founded in 1925 by Richard W. Courts, the firm in its 35 years has grown from a single office in Atlanta with a staff of four to 17 offices in 16 cities and an employee roster of over 300, including the company's present thirteen partners.

Richard W. Courts

Much of the firm's growth is attributed by senior partner Richard W. Courts to the "tremendous industrial and commercial expansion we have witnessed in our lifetime here in the Southeast. We believed from the very first that the economy of our southeastern states was destined for an unprecedented upsurge and that if we worked to help supply capital to southern industry and business, we too would grow. Our faith in the potential of the Southeast has been more than realized, and we are grateful for the opportunities this has brought us to share in and contribute to the progress of the region."

The firm is presently composed of 12 specialized operating departments which are equipped to handle any investment banking and brokerage service required of them. The Courts' home offices still remain in Atlanta, and a branch office has also recently been opened there. An eastern office is maintained in New York City, and other offices are located in Chattanooga and Knoxville, Tenn.; Charlotte and Southern Pines, N. C.; Charleston and Florence, S. C.; Birmingham, Huntsville and Anniston, Ala.; and Athens, Albany, Gainesville, Newnan and Rome, Ga.

Memberships held by the firm include the New York Stock Exchange; American Stock Exchange; Commodity Exchange, Inc.; New York Produce Exchange; New York Cotton Exchange; New Orleans Cotton Exchange; Board of Trade of the City of Chicago; Memphis Merchants Exchange; New York Cocoa Exchange, Inc.; and the New York Coffee & Sugar Exchange, Inc.

In addition to Mr. Courts the firm's partners are — William E. Huger, Hugh D. Carter, Jr., McKee Nunnally, Frank B. Sites, Reginald L. Auchincloss, Jr., Frank J. Henry, John B. Ellis, Joseph E. Brown, Thomas J. Pendergrast, Stewart B. Farmer, Jr., S. Richard Harris, and Alfred F. Revson; Jr.

Stevenson Named By Hayden, Stone

The investment firm of Hayden, Stone & Co., 25 Broad Stret, New York City, members of the New York Stock Exchange, announce the appointment of John B. Stevenson as manager of the firm's New York Municipal Bond Department.

Mr. Stevenson joined Hayden, Stone & Co. several months ago after being associated for about 10 years with Wood, Gundy & Co. in New York.

American Economy's Trends Affect Investment Criteria

Continued from page 1

technology and sales of the industry are around $10 billion annually. Economists and analysts are too accustomed to forecasting in terms of steel, automobiles, carloadings and machine tools. I suggest that we might do better to study the American consumer, the size of his family, his resources in time and money, the expenditures he must make (like taxes) and the products he wants to buy (like boats).

If this approach appears to reduce the investment market from its usual measurement in millions of dollars down to the small change of the individual consumer's bank account, I'm sure it will be quickly apparent that individual consumers, when added together are extremely important —and becoming more so—in both the demand and supply factors of the investment equation. It is his savings which build up the funds of the savings banks, savings and loan associations and insurance companies, and it is for him that the corporate, government and union pension funds are accumulated. It is his need for a mortgaged home, a new car and a washing machine that pushes up the instalment credit total. It is also his demand for shorter hours and higher wages which may make his employer decide to install more efficient production equipment, thus bringing us back to one of the traditional investment yardsticks, capital goods expenditures.

The company that has been making a product the consumer wants, and assumes that the consumer will always want it, may be precariously balanced on the top of a steep slide. The company management that concentrates on producing more of its product at a cheaper price on the assumption that its ad agency can expand demand and create a need, may already be over the top of the slide.

On the other hand, the company that aims to *fill* a consumer need, rather than to *create* a consumer need, is the one that should be analyzed for investment prospects. It must be assumed that the consumer knows pretty much what he wants. To use an extreme illustration, no amount of advertising and no price, however low, could have made him shovel coal to heat the house once the oil burner was available. And apparently, the consumer knew he liked small cars before Detroit knew it.

To put the same point in a positive way, the phenomenal success of the frozen food industry, the zoom in stock values for Hammond Organ, Brunswick and Outboard Marine are obviously due to the fact that the products sold by these companies filled a consumer need. The success of the frozen food industry could have been foreseen, but only through a thorough analysis of the consumer's position, taking into account the number of married women working, the distance of suburban homes from central shopping areas, the availability of home freezer space, the numerous activities which occupy the time of the suburban housewife, and very important, the rise in real, disposable income which makes it possible for a woman to pay for frozen foods without too much regard to cost.

The Growing "Leisure" Market

The success of Hammond Organ, Brunswick, Outboard Marine and other "leisure" stocks is based on the increase in the consumer's free time and as I noted before, the increase in income. They illustrate the variety of activities which are popular with Americans today, a variety which includes hi-fi, stereo, musical instruments, crafts and hobbies, boats, camping, photography, travel, fishing, hunting and other active sports. All the companies which cater to these interests deserve your attention when considering investment possibilities. I must emphasize, however, that selectivity among leisure stocks is as important as in any other area. The security analyst, choosing among leisure stocks, must study factors which ordinarily least affect his work.

Recent analyses of the big leisure market show three major trends. First is the popularity of participant activity rather than spectator sports, possiby because television supplies all the sitting we can manage. Second, is the filtering down from upper to lower income brackets of recreational activities which were once in the luxury class. The illustrations which come to mind immediately are boating and golf. Third is the influence of suburban living and the emphasis on family activities.

Studying the leisure market is a problem for industry and sociologists; thus far the sociologists are far ahead. It is in their work that you will find some lead as to what kind of leisure activity is likely to gain a wide following. The leisure market is rich and developing, and the company that keeps one step ahead is a good investment prospect.

I know it is no longer news that people have more time, more money, that more women are working, that more families live in the suburbs, that the number of cars in use has increased faster than the roads they must travel—but without considerable study we cannot assess the importance of these and other changes in the conclusions we come to in our work as security analysts or business forecasters. It's one thing to know that the suburbs are growing. It's quite different, in degree at least, to study the data from the latest census,

- to see that in all but one of our 15 largest metropolitan areas, the core city has lost population;
- to understand that we have come to the end of the era of apparently immutable growth for the big cities;
- to realize that we are developing a new socio-economic structure which will not be reversed by urban renewal projects, a structure that depends on motor transportation as the cities depended on the railroads, and that more credit has been used to finance new homes in the postwar era than was required to build and expand our industrial production facilities during the same years.

Sometimes an important change can remain practically unnoticed, and we become aware of the results before we realize that anything is happening. Thus, a business recession starts. Production falls off, but sales suffer much less than would be expected and prices actually advance. Or, at another time, restrictive monetary policies are imposed but don't seem to have the restrictive effects on the economy that past experience would lead us to expect. Why? Again, that is a question that can only be answered after some study.

Swing to the Service Industries

I should like to discuss a phase of our economy which has received relatively little notice, although it is most important in any economic analysis, certainly in security analysis. It is a basic shift in our economic structure, away from dominance by the industrial or commodity-producing sector toward the growing importance of the service industries. Longer life, more leisure, and the pursuit of pleasure are all part of the growth of the service industries and are as good an index of a higher standard of living as the per capita measure of the number of telephones and cars. The importance of the service sector, therefore, can be regarded as a new stage in our rising standard of living.

The growth of the service industries is part of economic evolution and not unique to the United States. The more industrialized countries of the world have a higher proportion of employees in the service trades than the underdeveloped countries. As machine production takes over, there is a rise in manufacturing employment and a loss in agricultural employment. When productivity in manufacturing reaches the point where the population's product needs are easily satisfied, then employment in this sector begins to level off and the service industries begin to provide an increasing number of jobs.

We have reached this phase. There is now time and money left after the necessities of food, shelter and clothing have been provided, for consumers to buy and use services of all kinds. The shift has been gradual but persistent for many years. Here's how we stand now.

Employment in the service industries exceeds employment in manufacturing, contract construction, and mining combined. Today, more than three out of five employees in the non-agricultural labor force are employed in the industries generally classified as service producers—transportation, utilities, government, wholesale and retail trade, finance and personal services of all kinds. Approximately 22% of all non-agricultural employees are engaged in wholesale and retail trade alone; 16% are government employees. Compare these figures to the 32% of all non-agricultural employees engaged in manufacturing, and production becomes a less determining factor in the economy.

In 1956, for the first time in our history, the number of white-collar workers exceeded the number of blue-collar workers. This does not imply that all the blue-collar workers are in manufacturing or all the white-collar workers in service industries. There is overlapping, but in manufacturing at least 50% to 60% of the employees are production workers, and in service industries the proportion of non-production, or white-collar workers, is much higher.

Service industires generate nearly 60% of our national income, with the largest slice contributed by wholesale and retail trade, government, and personal services in that order.

Consumers expenditures for services (including housing) in 1959 amounted to $123 billion, or 39% of the total. Ten years earlier, they were $60 billion, or 33% of the total. The gain in services was made at the expense of expenditures for non-durable commodities, mainly food and clothing.

Our Economic "Split Personality"

My reasons for emphasizing the growth of the service industries is that it has given our economy a kind of split personality. Manufacturing and service industries do not necessarily show the same trend; therefore, each must be taken account of separately in making any economic analysis. It is no longer possible to forecast the economy or analyze the value of a particular stock on the basis of the health of the manufacturing segment alone.

It is now possible for total employment to show an increase from one year to the next while manufacturing employment actually declines. This occurred between 1956 and 1957, when the decline in manufacturing employment was more than offset by increases in trade, finance, insurance, real estate, and miscellaneous services. It is also possible for industrial production to decline as much as 7% while GNP remains unchanged.

The main reason for the difference in behavior between the two parts of the economy is that the purchase of many commodities is deferable, whereas the purchase of most services is not. Under the threat of income loss, consumers will put off purchases of new cars, house furnishings, even clothes, and the price and production of these will respond rather quickly. It is more difficult to change the demand for housing which is bought or leased under contract; for interest on a debt previously contracted; for the utilities without which we cannot run the household. The television repairman and garage repairman automatically go on your payroll when you purchase a television set or a car. The element of stability which this fact adds to the economy should not be underestimated.

In my brief discussion, I have not attempted to suggest any superior method of security analysis nor any particular stocks which I believe offer superior investment opportunities. I'm sure that where it comes to specialized information or methods, security analysis are the experts. But unfortunately, it is frequently true of experts that as their knowledge goes deeper their viewpoint grows narrower, and the analysis is based more and more heavily on the internal structure of the company and less and less on the needs of the customer to whom it hopes to sell.

Investment Criteria

Of course, in choosing an individual company, it is still as important as ever to apply to normal criteria for investment—the history of the company, current management, financial position and expenditures for research and development. I am suggesting, however, that more weight be given to external socio-economic factors I am also suggesting that nothing should be taken for granted or considered unchangeable in the investment field. The term investment is generally associated with a safe, sound, conservative operation, but for investment policy to be safe and sound it must take into account the far-reaching and continuing changes which are shaping America today.

Many of the terms used in reference to stocks, like "blue chips" and "growth stocks" carry the connotation that the particular security referred to is of unquestionable and unchangeable value. It is sobering to remember occasionally that once railroads were "blue chips" and "growth stocks." For the well-informed security analyst, who bases his decisions on a thorough knowledge of the dynamic trends in American life, there will be many rewarding opportunities in the next few years. The new leaders will appear from among those companies which best supply our changing requirements, particularly those who through research and development produce new products or new services which supply a real consumer need.

*An address by Mr. Zelomek before the Security Analysts of San Francisco, Calif., Aug. 11, 1960.

J. Lee Peeler Branch Under Canady

RALEIGH, N. C.—J. Lee Peeler & Company, Inc. has opened a branch office in the First Citizens Bank Building, under the management of Lloyd E. Canady. Mr. Canady in the past conducted his own investment business.

The Security I Like Best

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permits just enough power for maximum traction.

At Watertown, the company has developed and perfected a powerful new hydrostatic transmission system to replace mechanical transmissions on off-the-road vehicles, called Dynapower Transmission. Frontend loaders, wheel driven tractors, bridge laying vehicles and scrappers, manufacturers of fork-lift trucks, farm combines, bulldozers, cement mixers (not the trucks), pavers and motor boats could use this system to advantage. The system transmits power from the engine by means of a high pressure oil hydraulic pump and one or more hydraulic motors. High pressure lines carry the power almost anywhere needed in the equipment and permits exceptional manuverability which under present methods is impossible. It cuts out many wearing parts, starts and stops quickly and no drive shaft is necessary. Nor are brakes necessary, the hydrostatic will not skid wheels, will do more work in a given period of time and last longer with heavier loads than torque characteristics. It will not jump over bumps or rocks but just "inches" over. All technical problems are believed to have been solved and deliveries should start in 1961. Some 17 different companies have indicated an interest in the project.

Earnings may not be much over $2.00 a share, down from $3.07 a share in 1959, but the dividend of $1.60 a share seems safe. Dynapower transmission should spark sales next year and I believe overall sales in five years could about double. A debt of only $2.0 million and 739,541 shares of common stock is attractive enough to suggest a worthwhile appreciation in market values over a period of time. I don't wish to imply that this is a "quickie" proposition but it seems like solid values are being built up over sound research and management. This is a transition year for N. Y. Air Brake as it is for many companies. At the next annual meeting the company may propose a change in the title of the corporation, as the present corporate name does not indicate the proper scope of the company's current and future operations.

Wakefield Com. Stock Offered

Robert A. Martin Associates offered to the public on Sept. 6, 100,000 common shares of Wakefield Engineering, Inc., at $3 a share.

Wakefield Engineering, based in Wakefield, Mass., is engaged in the development and production of devices known as "heat sinks," which prevent semi-conductors from losing efficiency due to over-heating.

Net proceeds of the issue will be applied to general corporate purposes.

First Albany Branch

ELMIRA, N. Y. — First Albany Corporation has opened a branch office in the Hulett Building under the management of G Thomas Tranter. Mr. Tranter was formerly first Vice-President of Rockwell, Gould & Co.

Form Dalen Investments

MIAMI, Fla.—Dalen Investments & Funds, Inc. has been formed with offices at 2815 North Miami Avenue to engage in a securities business. Officers are David Dale Regent, President, Louis H. Stallman, Vice-President; and Leonard H. Adelman, Secretary-Treasurer.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Sept. 10	§50.6	*52.0	53.5	11.5
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 10	§1,441,000	*1,483,000	1,525,000	327,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 26	6,846,310	6,842,460	6,836,710	6,765,275
Crude runs to stills—daily average (bbls.)	Aug. 26	¶8,172,000	8,135,000	8,290,000	8,362,000
Gasoline output (bbls.)	Aug. 26	29,487,000	29,467,000	29,014,000	30,162,000
Kerosene output (bbls.)	Aug. 26	2,746,000	2,445,000	2,424,000	2,121,000
Distillate fuel oil output (bbls.)	Aug. 26	12,733,000	13,097,000	13,034,000	12,854,000
Residual fuel oil output (bbls.)	Aug. 26	6,252,000	5,626,000	5,598,000	6,338,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 26	190,680,000	*192,094,000	193,195,000	183,082,000
Kerosene (bbls.) at	Aug. 26	32,327,000	31,368,000	29,797,000	31,044,000
Distillate fuel oil (bbls.) at	Aug. 26	148,966,000	143,831,000	128,941,000	159,541,000
Residual fuel oil (bbls.) at	Aug. 26	45,309,000	44,314,000	43,386,000	56,449,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 27	594,770	596,339	614,236	548,877
Revenue freight received from connections (no. of cars)	Aug. 27	486,610	490,595	485,514	490,707
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 1	$604,000,000	$406,400,000	$561,700,000	$490,100,000
Private construction	Sept. 1	367,200,000	245,200,000	207,500,000	332,800,000
Public construction	Sept. 1	236,300,000	161,200,000	354,200,000	157,300,000
State and municipal	Sept. 1	203,400,000	123,300,000	312,500,000	139,800,000
Federal	Sept. 1	33,400,000	37,900,000	41,700,000	17,500,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 27	7,790,000	*8,060,000	8,230,000	7,343,000
Pennsylvania anthracite (tons)	Aug. 27	362,000	342,000	359,000	366,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE=100	Aug. 27	144	139	122	139
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 3	14,941,000	14,602,000	14,709,000	13,759,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 1	288	315	269	308
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 30	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Aug. 30	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Aug. 30	$32.50	$32.50	$31.83	$41.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 31	32.600c	32.000c	32.600c	30.325c
Export refinery at	Aug. 31	29.000c	29.800c	30.800c	28.900c
Lead (New York) at	Aug. 31	12.000c	12.000c	12.000c	13.000c
Lead (St. Louis) at	Aug. 31	11.800c	11.800c	11.800c	12.800c
‡Zinc (delivered) at	Aug. 31	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	Aug. 31	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	Aug. 31	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Aug. 31	102.125c	102.500c	104.625c	103.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 6	88.52	88.67	89.40	81.48
Average corporate	Sept. 6	87.99	87.99	86.51	85.07
Aaa	Sept. 6	92.64	92.64	91.34	89.09
Aa	Sept. 6	90.06	90.20	88.95	86.78
A	Sept. 6	87.45	87.32	86.11	84.30
Baa	Sept. 6	82.40	82.27	80.45	80.57
Railroad Group	Sept. 6	85.20	85.07	84.04	84.30
Public Utilities Group	Sept. 6	89.51	89.37	87.32	84.30
Industrials Group	Sept. 6	89.51	89.37	88.54	86.78
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 6	3.69	3.67	3.65	4.36
Average corporate	Sept. 6	4.56	4.56	4.68	4.78
Aaa	Sept. 6	4.23	4.23	4.34	4.48
Aa	Sept. 6	4.41	4.40	4.50	4.65
A	Sept. 6	4.60	4.61	4.71	4.84
Baa	Sept. 6	4.99	5.00	5.15	5.14
Railroad Group	Sept. 6	4.77	4.78	4.86	4.84
Public Utilities Group	Sept. 6	4.45	4.46	4.63	4.84
Industrials Group	Sept. 6	4.45	4.46	4.54	4.65
MOODY'S COMMODITY INDEX	Sept. 6	362.7	360.8	368.3	386.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 27	318,170	283,315	313,360	309,620
Production (tons)	Aug. 27	313,476	314,607	323,825	323,961
Percentage of activity	Aug. 27	92	92	94	96
Unfilled orders (tons) at end of period	Aug. 27	430,767	426,145	457,753	507,415
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Sept. 2	109.66	109.60	109.87	110.36
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 12	2,243,020	2,068,940	2,042,000	2,405,330
Short sales	Aug. 12	434,870	356,790	356,890	275,690
Other sales	Aug. 12	1,978,140	1,754,960	1,722,330	2,064,160
Total sales	Aug. 12	2,413,010	2,111,750	2,079,220	2,339,850
Other transactions initiated off the floor—					
Total purchases	Aug. 12	430,400	323,830	233,860	321,400
Short sales	Aug. 12	72,320	45,220	23,200	22,000
Other sales	Aug. 12	380,950	252,310	245,300	339,210
Total sales	Aug. 12	453,270	297,530	268,500	361,210
Other transactions initiated on the floor—					
Total purchases	Aug. 12	651,562	636,650	526,820	620,046
Short sales	Aug. 12	112,340	160,600	84,250	85,630
Other sales	Aug. 12	594,465	495,880	560,270	652,075
Total sales	Aug. 12	706,805	656,480	644,520	737,705
Total round-lot transactions for account of members—					
Total purchases	Aug. 12	3,324,982	3,029,420	2,802,680	3,346,776
Short sales	Aug. 12	619,530	562,610	464,340	383,320
Other sales	Aug. 12	2,953,555	2,503,150	2,527,900	3,055,445
Total sales	Aug. 12	3,573,085	3,065,760	2,992,240	3,438,765
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Aug. 12	1,576,133	1,474,665	1,523,363	1,886,071
Dollar value	Aug. 12	$74,089,379	$70,704,191	$71,476,704	$102,677,211
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 12	1,432,153	1,311,430	1,401,339	1,520,490
Customers' short sales	Aug. 12	12,649	18,427	9,296	15,619
Customers' other sales	Aug. 12	1,419,504	1,293,003	1,392,033	1,504,871
Dollar value	Aug. 12	$66,596,684	$61,063,438	$67,935,752	$83,237,138
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 12	446,890	345,560	410,350	381,580
Short sales	Aug. 12	------	------	------	------
Other sales	Aug. 12	446,890	345,560	410,350	381,580
Round-lot purchases by dealers—Number of shares	Aug. 12	597,680	523,150	509,320	716,360
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Aug. 12	779,530	796,010	553,970	517,590
Other sales	Aug. 12	14,345,700	12,791,610	12,955,740	13,937,700
Total sales	Aug. 12	15,125,230	13,587,620	13,509,710	14,455,290
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):					
Commodity Group—					
All commodities	Aug. 30	119.3	119.4	119.4	119.3
Farm products	Aug. 30	86.5	86.9	87.2	87.6
Processed foods	Aug. 30	107.8	108.0	107.9	106.7
Meats	Aug. 30	94.9	*96.4	96.4	96.7
All commodities other than farm and foods	Aug. 30	128.4	128.3	128.3	128.3

*Revised figure. ¶Includes 1,066,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—217 CITIES—Month of July:			
New England	$33,404,718	$30,690,427	$33,612,245
Middle Atlantic	134,490,877	168,151,316	186,990,414
South Atlantic	42,567,363	58,577,639	63,267,192
East Central	129,138,363	107,942,464	141,691,559
South Central	135,019,183	114,685,308	111,323,848
West Central	41,311,434	40,872,229	56,570,641
Mountain	28,690,117	36,382,736	42,417,641
Pacific	102,378,815	139,689,162	120,814,474
Total United States	$647,000,870	$696,991,281	$756,688,014
New York City	95,810,511	130,143,750	134,670,689
Total outside New York City	$551,190,359	$566,847,531	$622,017,325
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE—Month of July:			
(000's omitted)	$896,700	$1,948,300	$878,200
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of July	561,874	857,772	649,878
In consuming establishments as of July 30	1,412,496	1,600,811	1,093,873
In public storage as of July 30	5,931,776	6,681,094	7,567,031
Linters—Consumed month of July	72,276	*120,468	93,153
Stocks—July 30	402,505	500,216	543,515
Cotton spindles active as of July 30	17,529,000	17,604,000	17,501,000
COTTON GINNING (DEPT. OF COMMERCE):			
To August 16	380,043	------	471,965
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of July:			
Cotton Seed—			
Received at mills (tons)	56,400	10,400	67,800
Crushed (tons)	142,700	176,600	97,400
Stocks (tons) July 31	104,300	191,100	100,300
Cake and Meal—			
Stocks (tons) July 31	189,900	202,800	116,300
Produced (tons)	70,000	83,000	45,500
Shipped (tons)	82,900	84,700	82,800
Hulls—			
Stocks (tons) July 31	28,700	35,500	43,400
Produced (bales)	34,300	39,800	24,200
Shipped (tons)	41,100	48,200	44,700
Linters—			
Stocks (bales) July 31	95,600	113,400	127,500
Produced (bales)	41,500	52,300	28,500
Shipped (bales)	59,300	70,800	61,700
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on July 30	19,956,000	20,004,000	20,300,000
Spinning spindles active on July 30	17,529,000	17,604,000	17,501,000
Active spindle hours (000's omitted) July 30	7,211,000	10,737,000	8,020,000
Active spindle hrs. for spindles in place July	360.5	429.5	401.0
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of July:			
All manufacturing (production workers)	12,155,000	*12,330,000	12,433,000
Durable goods	6,886,000	*7,057,000	7,161,000
Nondurable goods	5,269,000	*5,273,000	5,272,000
Employment indexes (1947-49 Avg. = 100)—			
All manufacturing	90.7	*100.3	102.0
Payroll indexes (1947-49 Average = 100)—			
All manufacturing	169.2	*172.5	170.2
Estimated number of employees in manufacturing industries—			
All manufacturing	16,249,000	*16,414,000	16,410,000
Durable goods	9,332,000	*9,500,000	9,523,000
Nondurable goods	6,917,000	*6,914,000	6,887,000
NEW YORK STOCK EXCHANGE— As of July 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$3,113,000	$3,188,000	$3,528,000
Credit extended to customers	110,000	106,000	153,000
Cash on hand and in banks in U. S.	361,000	366,000	383,000
Total of customers' free credit balances	1,018,000	*1,016,000	1,079,000
Market value of listed bonds	108,993,941	106,876,435	309,519,664
Market value of listed shares	292,391,667	298,142,880	106,135,307
Member borrowings on U. S. Govt. issues	677,000	595,000	527,000
Member borrowings on other collateral	2,203,000	2,285,000	2,316,000
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of June (000's omitted):			
Savings and loan associations	$1,167,329	$1,051,293	$1,261,132
Insurance companies	118,587	114,497	120,239
Banks and trust companies	415,119	401,599	542,706
Mutual savings banks	138,103	119,798	168,367
Individuals	348,135	339,193	338,036
Miscellaneous lending institutions	502,393	473,781	543,726
Total	$2,689,666	$2,500,161	$2,974,206
METAL PRICES (E. & M. J. QUOTATIONS)— August:			
Copper—			
Domestic refinery (per pound)	32.600c	32.600c	29.893c
Export refinery (per pound)	29.925c	31.010c	28.270c
††London, prompt (per long ton)	£245.159	£254.577	£232.838
††Three months, London (per long ton)	£243.727	£246.970	£231.463
Lead—			
Common, New York (per pound)	12.000c	12.000c	12.286c
Common, East St. Louis (per pound)	11.800c	11.800c	12.086c
††London, prompt (per long ton)	£70.949	£71.241	£72.163
††Three months, London (per long ton)	£71.352	£72.030	£73.153
Zinc—			
East St. Louis (per pound)	13.000c	13.000c	11.000c
§§Prime Western, delivered (per pound)	13.500c	13.500c	11.500c
††London, prompt (per long ton)	£87.429	£90.235	£85.297
††London, three months (per long ton)	£87.460	£89.795	£83.972
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.375c	91.399c
Silver, London (per ounce)	92.250d	79.250d	78.844d
Sterling Exchange (check)	$2.81111	$2.80842	$2.80950
Tin, New York Straits	102.940c	103.538c	102.327c
Gold (per ounce U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$209.000	$210.300	$229.381
Antimony—			
¶New York, boxed (per pound)	32.590c	32.590c	32.590c
Laredo, bulk (per pound)	29.000c	29.000c	29.000c
Laredo, boxed (per pound)	29.500c	29.500c	29.500c
Platinum, refined (per pound)	$82.000	$82.000	$77.000c
Cadmium (per pound, delivered ton lots)	$1.40000	$1.40000	$1.20000
(Per pound, small lots)	$1.50000	$1.50000	$1.30000
Cobalt, 97% grade (per pound)	$1.50000	$1.50000	$1.75000
Aluminum—			
99% grade ingot weighted avge. (per lb.)	26.000c	28.100c	26.800c
99% grade primary pig	23.250c	23.250c	24.700c
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25

*Revised figure. †Estimated totals based on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. Duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

STATE OF TRADE AND INDUSTRY

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U. S., and, in some cases, more so. The U. S. helped in building them, and, now, they are taking over markets the U. S. once served.

This Week's Steel Output Based On 50.6% of Jan. 1, 1960 Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *89.7% of steel capacity for the week, beginning Sept. 5, equivalent to 1,441,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compared with the actual levels of 92.3% and 1,483,000 tons in the week beginning Aug. 29.

Actual output for last week beginning Aug 29, 1960 was equal to 52.0% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity is 50.6%.

A month ago the operating rate (based on 1947-49 weekly production) was *94.9% and production 1,525,000 tons. A year ago the actual weekly production was placed at 327,000 tons, or *20.4%. At that time the industry was virtually closed down due to a strike of the steel union.

*Index of production is based on average weekly production for 1947-49.

U. S. passenger car output soared 36.5% during past week; August production totaled 305,527 units; the first eight months output for 1960 totaled 4,550,108 passenger and 869,744 trucks.

U. S. passenger car output soared 36.5% this week, *Ward's Automotive Reports* said.

Drop in Business Failures for Week Ending Sept. 1

Commercial and industrial failures dipped to 288 in the week ended Sept. 1 from the 11-week high of 315 in the preceding week, reported Dun & Bradstreet, Inc. Casualties were slightly lower than a year ago when 308 occurred, but remained considerably above the 191 in 1958 and 26% above the prewar toll of 229 in the similar week of 1939.

Thirty-three Canadian failures were recorded as compared with 37 a week earlier and 23 in the corresponding week of last year.

Freight Car Loadings for Aug. 27 Week Increased 8.4% Above Corresponding 1959 Week

Loading of revenue freight for the week ended Aug. 27, 1960, totaled 594,770 cars, the Association of American Railroads announced Sept. 1. This was an increase of 45,893 cars or 8.4% above the corresponding week in 1959, which was affected by the nationwide strike in the steel industry, but a decrease of 51,456 cars or 8.0% below the corresponding week in 1958.

Loadings in the week of Aug. 27, were 1,569 cars or three-tenths of 1% below the preceding week.

The Eastern, Allegheny, Pocahontas and Northwestern districts reported increases compared with the corresponding week in 1959. The Southern, Centralwestern and Southwestern districts reported decreases. All districts reported decreases compared with the corresponding week in 1958.

There were 10,806 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Aug. 20, 1960 (which were included in that week's overall total). This was an increase of 2,734 cars or 33.9% above the corresponding week of 1959 and 5,305 cars or 96.4% above the 1958 week.

Cumulative piggyback loadings for the first 33 weeks of 1960 totaled 348,514 for an increase of 91,298 cars or 35.5% above the corresponding period of 1959, and 186,482 cars or 115.1% above the corresponding period in 1958. There were 55 Class I U. S. railroad systems originating this type traffic in the current week compared with 50 one year ago and 40 in the corresponding week of 1958.

Intercity Truck Tonnage for Aug. 27 Week was 2.9% Below Same 1959 Week

Intercity truck tonnage in the week ended Aug. 27, was 2.9% below the volume in the corresponding week of 1959, the American Trucking Associations, Inc., announced Sept. 2. However, truck tonnage led that of the previous week of this year by 1.6%.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

The terminal survey for last week showed increased tonnage over a year ago in 10 localities. Twenty-four points reflected decreased tonnage from the 1959 level.

Electric Output 8.6% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 3, was estimated at 14,941,000,000 kwh., according to the Edison Electric Institute. Output was 339,000,000 kwh. above that of the previous week's total of 14,602,000,000 kwh. and showed a gain of 1,182,000,000 kwh., or 8.6% above that of the comparable 1959 week.

Lumber Shipments for Week Ended Aug. 27 Were 3.3% Above Production

Lumber shipments of 468 mills reporting to the National Lumber Trade Barometer were 3.3% above production during the week ended Aug. 27, 1960. In the same week, new orders of these mills were 0.3% above production. Unfilled orders of reporting mills amounted to 28% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 16 days' production at the current rate, and gross stocks were equivalent to 53 days' production.

For the year-to-date, shipments of reporting identical mills were 4.1% below production; new orders were 5.3% below production.

Compared with the previous week ended Aug. 20, 1960, production of reporting mills was 1.7% below; shipments were 3.7% above; new orders were 2.7% above. Compared with the corresponding week in 1959, production of reporting mills was 10.4% below; shipments were 10.0% below; and new orders were 2.3% below.

American Public Spent Nearly $92 Billion for Passenger and Freight Transportation in 1959

The American public spent, in 1959, nearly $92 billion for passenger and freight transportation services of all kinds, according to the Transportation Association of America. This huge expenditure, which includes the cost of both for-hire and private transportation, represented about 19% of the nation's total output of goods and services during that year. It also exceeded by over $9 billion, or 11%, the nation's transportation service bill in 1958.

The analysis, made by the TAA research division, shows that the largest share of this outlay, nearly $50 billion, represented "The Nation's Estimated Passenger Bill." As expected, the private automobile accounted for the predominant share, or over $43 billion. The nation's intercity commercial carriers by air, bus, and rail were paid nearly $3 billion, and local transit, taxis, and rail commuter lines received $2.3 billion. International air and ocean shipping companies provided $770 million worth of passenger service to U. S. citizens traveling overseas.

"The nation's Estimated Freight Bill," another breakdown in the TAA study, amounted to nearly $42 billion, with almost $27 billion of this being spent for urban and intercity highway transportation service. The next largest expenditure was the $9.5 billion spent for rail freight transportation. Other major expenditures were $2.4 billion for water transportation and $1 billion for the cost of moving petroleum through pipe lines.

S & L Assns. Savings Are Down And Withdrawals Are Up in July

July opened the third quarter of 1960 with net funds of the nation's 4,054 insured savings and loan associations lagging behind the same month a year earlier. As a result of new savings investments being down 1% from last July and withdrawal demands being up by a little more than 1%, their net inflow reached an estimated $133 million, or an amount 31% below that shown for the same month last year. While April represented the first month in 1960 that new savings capital of these institutions fell under the level of a year ago, it was the third month in which their net receipts dropped below the corresponding 1959 figures.

Withdrawals in the current month were equal to about 95% of all new savings capital, compared with 93% in the same month a year earlier and 96% in 1958. Such ratios each year reach a seasonal peak in the post-dividend month of July.

From January through July of 1960, insured savings and loan associations had increased their savings accounts by over $3.7 billion—5% above the same period in 1959, and as much as 23% greater than in 1958. Gross savings receipts totaled $14.5 billion and withdrawals amounted to nearly $10.8 billion.

Lending activity of insured savings and loan associations continued in July below the 1959 level, the pattern which has been evident thus far this year. Total new loans, estimated at $1.2 billion, were down 14% from the same month last year, but well above the July total for any other year.

Although loans for all purposes shared in the decrease in loan volume from July 1959, the greatest decline, 18%, was shown by loans for the construction of homes. In contrast to a decline of 8% from June to July in the volume of loans closed, mortgage loan commitments outstanding in July were 2% above the June figure.

So far this year, insured savings and loan associations have made almost $7.8 billion in mortgage loans—a drop of 10% from the January-July period of 1959. Loans for the construction and purchase of homes, as well as for other purposes, participated in the reduction from last year's activity.

Wholesale Food Price Index Unchanged in Latest Week

Following two consecutive weeks of decline, the wholesale food price index, compiled by Dun & Bradstreet, Inc., remained unchanged from a week earlier at $5.90 on Aug. 30. It was down 1.5% from the $5.99 of the corresponding date a year ago.

Higher in wholesale price this week were rye, butter, cheese, cocoa, eggs, and steers. Lower in price were wheat, corn, oats, hams, bellies, lard, cottonseed oil, potatoes and hogs.

The Dun & Bradstreet, Inc. wholesale food price index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Hits New Low for the Year

On Tuesday, Aug. 30, the daily wholesale commodity price index, another index compiled by Dun & Bradstreet, Inc., dipped to 266.45 (1930-32=100), the lowest level so far this year and the lowest since the 265.24 of June 26, 1950. The index edged up later in the week to stand at 266.59 on Friday, Sept. 2. It compared with 266.88 last week and 278.01 on the corresponding date a year ago. In the current week, lower prices on most grains, steers, and rubber offset increases on butter, hogs, and lambs.

Higher than expected estimates of crop production discouraged grain trading this week and most prices were down appreciably. There was a marked dip in wheat prices at the end of the week as volume slackened noticeably. While transactions faltered, rye prices remained close to a week earlier.

An appreciable decline occurred in prices on corn, again reflecting lower trading. In line with the downward movement in corn, oats prices dipped moderately from the prior week. Most affected by crop reports were soybeans prices, which showed the most noticeable declines.

In anticipation of the holiday, both domestic and export buying of flour slackened at the end of the week, but prices matched those of a week earlier. Despite bad weather in growing areas, rice prices dipped during the week as the trade still expected a large crop. Negotiations were pending for sales of sizeable shipments of rice to Indonesia, Pakistan, Israel, and India. During the 1959-1960 season distribution of edible rice amounted to 25,102,000 pockets, compared with 16,686,000 pockets in the previous year.

Sugar prices remained close to the prior week and trading was steady. Sugar deliveries for the week ended Aug. 27, came to 194,887 tons, compared with 182,482 a week earlier and 212,781 a year ago.

Coffee trading was steady during the week and prices were unchanged. A moderate dip occurred in cocoa prices and volume was down appreciably.

There was a fractional increase in hog prices this week, reflecting lower supplies in some markets and steady transactions. The call for steers dipped somewhat and prices were fractionally lower. A moderate rise in trading in lambs helped boost prices somewhat.

Prices on the New York Cotton Exchange showed little change from the prior week. Exports in the week ended last Wednesday came to about 7,000 bales, compared to 60,000 a week earlier and 46,000 a year ago. For the current season through Aug. 30, exports were estimated at 264,000 bales, as against 98,000 in the comparable period last year.

Rise in Fall Apparel and Furniture Boosts Overall Trade

A substantial increase in sales of Fall apparel, furniture and linens boosted overall retail trade significantly over the prior period in the week ended last Wednesday and volume was up slightly from the similar week a year ago. Retailers in many areas attributed the rise to cooler Fall-like temperatures over the week-end. In contrast volume in major appliances, draperies, and used cars was down moderately and scattered reports indicate that sales of new passenger cars showed little change from the like 1959 week.

The total dollar volume of retail trade in the week ended last Wednesday was unchanged to 4% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Middle Atlantic +3 to +7; East North Central +1 to +5; West North Central, South Atlantic, and East South Central 0 to +4; New England, West South Central, and Mountain —1 to +3; Pacific Coast —4 to 0.

Apparel stores reported the most noticeable gains in back-to-school merchandise, with principal gains in girls' skirts, dresses, and hosiery and boys' sports jackets, sweaters, and slacks. Interest in women's fall clothing was up appreciably from a year ago, with the best increases in fur-trimmed cloth coats, suits, and some fashion accessories. There was a fractional year-to-year gain in overall volume in men's apparel; increases in Fall suits and topcoats offset declines in furnishings and sportswear.

There was a significant pick-up in purchases of furniture this week, especially case goods, occasional pieces, and upholstered chairs; interest in bedroom sets lagged. Volume in appliances was sluggish again, with dealers quite disappointed in television sets, laundry equipment, and refrigerators.

Purchases of major appliances at wholesale continued to lag behind a year ago; best-sellers were television sets and hi-fi equipment. Fractional year-to-year increases were registered in the buying of housewares, glassware, and gifts.

Trading in Woolens Lag

Transactions in woolens and worsteds continued to lag this week in markets in Boston and Philadelphia and the call for carpet wool was down somewhat. Overall trading in cotton gray goods was sluggish, with appreciable declines in print cloths, broadcloths, and sheetings. The call for industrial fabrics and man-made fibres matched that of a week earlier. Incoming orders at New England dyeing and finishing plants continued to lag during the past few weeks, but a pick-up is expected in the next few weeks.

An appreciable rise occurred this week in orders for canned goods, and stocks in some lines, especially vegetables and fish, were limited. Wholesalers reported increased volume in rice, butter, cheese, and sugar.

Although oil production remained close to the prior week, it was up fractionally from last year. Gasoline stocks dipped moderately from a week earlier, but they remained moderately higher than a year ago.

Initial claims for unemployment insurance dipped 4% in the week ended Aug. 20, following two weeks of increases, reflecting primarily a slackening of model change layoffs in the auto industry and fewer separations in the logging and apparel industries.

Newton Co. in Milwaukee

MILWAUKEE, Wis. — Newton & Company, 759 North Milwaukee Street, is engaging in a securities business. Officers are Francis W. Dickey, President; Robert M. Krauskopf, Douglas Carman and Edward S. Vinson, Vice-Presidents; and Richard G. Jacobus, Secretary-Treasurer.

Now Sole Proprietor

CHICAGO, Ill. — Delbert M. Rutherford is now sole proprietor of Benjamin Lewis & Co., 135 South La Salle Street.

Forms Kenneth Lloyd Co.

MT. VERNON, N. Y. — Kenneth Lloyd Zeleznik is conducting his own investment business from offices at 45 Pondfield Parkway under the firm name of Kenneth Lloyd Co.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

★ Adler Built Industries, Inc.
Aug. 29, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For acquisition and development of land and operating capital. **Office**—1201 W. 66th St., Hialeah, Fla. **Underwriter** — American Diversified Securities, Inc., Washington, D. C.

Admiral Homes, Inc. (9/26-30)
Aug. 15, 1960, filed $400,000 of convertible subordinated debentures, due 1970. **Price**—100% of principal amount. **Business**—The manufacture and sale of pre-fabricated homes. **Proceeds**—To be added to the working capital of the company and its subsidiary. **Office** — 149 Water Street, West Newton, Pa. **Underwriter** — Arthurs, Lestrange & Co., Pittsburgh, Pa. (managing).

Adson Industries, Inc.
July 20, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—The company is a general contractor. **Proceeds**—For general corporate purposes. **Office**—116-55 Queens Boulevard, Forest Hills 75, N. Y. **Underwriter**—Bennett & Co., Newark, N. J.

Ajax Magnethermic Corp.
Aug. 17, 1960 filed 150,000 shares of common stock (no par), of which 50,000 shares are to be offered for the account of the company, and 100,000 shares for the present holders thereof. **Price**—To be supplied by amendment. **Business**—The production of a complete line of induction heating equipment. **Proceeds** — For working capital and general corporate purposes. **Office** — 3990 Simon Road, Youngstown, Ohio. **Underwriter**—Hayden, Stone & Co. of New York City (managing). **Offering**—Expected in late September.

Aldens Inc. (9/30)
Aug. 24, 1960 filed $6,205,000 of convertible subordinated debentures, due Oct. 1, 1980, to be offered to holders of the outstanding common of record Sept. 30, 1960, on the basis of $100 of such debentures for each 14 common shares then held with rights to expire on Oct. 17. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Chicago, Ill. **Underwriter**—Lehman Brothers, New York City.

Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Note** — This offering has been postponed.

Aluminum Insulating Co., Inc.
Aug. 22, 1960 (letter of notification) 225,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For retirement of a bank loan, selling, advertising, promotion and for working capital. **Office**—558 W. 18th St., Hialeah, Fla. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Offering**—Expected sometime in October.

American Foods Inc.
Aug. 16, 1960 filed 167,500 shares of common stock. **Price**—$3 per share. **Proceeds**—For the company's ventures in Florida and North Carolina, and the balance for working capital. **Office**—Miami, Fla. **Underwriter**—Godfrey, Hamilton, Magnus & Co., New York City.

American Income Life Insurance Co.
Aug. 26, 1960 filed 90,174 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each 5½ shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—5th and Franklin, Waco, Texas. **Underwriters**—Ladenburg, Thalmann & Co. and Lee Higginson Corp., both of New York City (managing).

American Mortgage Investment Corp.
April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

American Optical Co.
Aug. 31, 1960 filed $8,000,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Southbridge, Mass. **Underwriter**—Kuhn, Loeb & Co., New York City (managing). **Offering**—Expected in mid-to-late October.

Continued on page 29

NEW ISSUE CALENDAR

September 9 (Friday)

Safticraft Corp. ______ Common
(George, O'Neill & Co., Inc.) $825,000

September 12 (Monday)

Arnoux Corp. ______ Common
(Shearson, Hammill & Co.) 133,000 shares

Astrex Corp. ______ Common
(Clayton Securities Corp. and Maltz, Greenwald & Co.) $400,000

Boston Capital Corp. ______ Common
(Shearson, Hammill & Co.) $22,500,000

Commercial Banking Corp. ______ Debentures
(Suplee, Yeatman, Mosley & Co., Inc.) $279,850

Dalto Corp. ______ Common
(No underwriting) 134,739 shares

Diversified Collateral Corp. ______ Common
(The Tager Co.) $300,000

Fairmount Finance Co. ______ Common
(J. T. Patterson & Co., Inc.) $290,000

Harvest Brand, Inc. ______ Common
(S. D. Fuller & Co.) 191,667 shares

Industrial Timer Corp. ______ Common
(G. H. Walker & Co. and C. E. Unterberg, Towbin & Co.) 75,000 shares

Nucleonic Corp. of America ______ Common
(Bertner Bros. and Earl Edden Co.) $300,000

Rollins Broadcasting Inc. ______ Common
(F. Eberstadt & Co.) 110,000 shares

Sachar Properties, Inc. ______ Units
(Ross, Lyon & Co., Inc. and Globus, Inc.) $600,000

Sealed Air Corp. ______ Common
(Bertner Bros. and Earl Edden Co.) $100,000

Softol, Inc. ______ Common
(Harwyn Securities, Inc.) $300,000

Spray-Bilt, Inc. ______ Common
(J. I. Magaril Co. and Sandkuhl & Company Inc.) $250,000

Strolee of California, Inc. ______ Common
(Federman, Stonehill & Co.; Mitchum, Jones & Templeton and Schweickart & Co.) $750,000

Sunbury Milk Products Co. ______ Common
(Hecker & Co.) $300,000

Terafilm Corp. ______ Units
(Burnham & Co.) $300,000

Terminal Electronics, Inc. ______ Capital
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,000,008

Vitramon, Inc. ______ Common
(G. H. Walker & Co.) 103,512 shares

Wallace Press, Inc. ______ Common
(Shearson, Hammill & Co. and William Tegtmeyer & Co.) 184,435 shares

Whitmoyer Laboratories, Inc. ______ Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000

Whitmoyer Laboratories, Inc. ______ Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

September 13 (Tuesday)

Roto American Corp. ______ Common
(Morris Cohon & Co.) 75,000 shares

Virginia Electric & Power Co ______ Bonds
(Bids 11 a.m. EDT) $25,000,000

September 14 (Wednesday)

Edwards Engineering Corp. ______ Common
(Sandkuhl & Company, Inc.) $297,500

Public Service Co. of Colorado ______ Cum. Preferred
(First Boston Corp.; Blyth & Co., Inc. and Smith, Barney & Co.) 150,000 shares

Utah Power & Light Co. ______ Bonds
(Bids 11:30 a.m.) $16,000,000

Utah Power & Light Co. ______ Preferred
(Bids 12:30 p.m.) $10,000,000

September 15 (Thursday)

East Central Racing & Breeders Association Inc. ______ Units
(No underwriting) $700,000

General Steel Castings Corp. ______ Common
(Hornblower & Weeks) 296,649 shares

Hallicrafters Co. ______ Capital
(Paine, Webber, Jackson & Curtis) 300,000 shares

Industrial Development Bank of Israel Ltd. ______ Pref.
(Harry E. Brager Associates) $10,000,000

Pittsburgh & Lake Erie RR. ______ Equip. Trust Ctfs.
(Bids noon) $5,000,000

Techni Electronics, Inc. ______ Common
(United Planning Corp.) $225,000

Venture Capital Corp. of America ______ Common
(Filor, Bullard & Smyth, Hardy & Co., Sprayregen, Haft & Co. and Bregman, Cummings & Co.) $2,062,500

September 16 (Friday)

Avionics Investing Corp. ______ Capital
(S. D. Fuller & Co.) $4,000,000

September 19 (Monday)

Bristol Dynamics, Inc. ______ Common
(William David & Co., Inc.) $744,000

Duncan Coffee Co. ______ Capital
(Bear, Stearns & Co.) 260,000 shares

Foto-Video Electronics Corp. ______ Class B
(Fund Planning, Inc.) $500,000

Four Star Television ______ Capital
(Dempsey-Tegeler & Co.) 120,000 shares

Heldor Electronics Manufacturing Corp. ______ Com.
(S. Schramm & Co., Inc.) $300,000

International Safflower Corp. ______ Common
(Copley & Co.) $300,000

Kings Electronics Co., Inc. ______ Units
(Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co.) $800,000

Lytton Financial Corp. ______ Capital
(William R. Staats & Co. and Shearson, Hammill & Co.) 354,000 shares

Missouri Pacific RR. ______ Equip. Trust Ctfs.
(Bids 1:00 p.m.) $3,975,000

National Capital Corp. ______ Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $1,200,000

Polytronics Laboratories, Inc. ______ Class A
(R. A. Holman & Co., Inc.) $150,000

Portland Turf Association ______ Bonds
(General Investing Corp.) $300,000

Resiflex Laboratory, Inc. ______ Common
(Blunt Ellis & Simmons) 100,000 shares

Reva Enterprises, Inc. ______ Common
(Blair & Co., Inc. and Chace, Whiteside & Winslow, Inc.) 200,000 shares

Telephone & Electronics Corp. ______ Common
(Equity Securities Co.) $264,900

Triangle Lumber Corp. ______ Common
(Bear, Stearns & Co.) $1,102,400

Willer Color Television System, Inc. ______ Common
(Equity Securities Co.) $242,670

September 20 (Tuesday)

Bruce National Enterprises, Inc. ______ Common
(George, O'Neill & Co., Inc.) $2,010,000

Missouri Public Service Co. ______ Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co.) 258,558 shares

Pioneer Finance Co. ______ Cumulative Preferred
(White, Weld & Co. and Watling, Lerchen & Co.) 125,000 shs.

Public Service Electric & Gas Co. ______ Bonds
(Bids 11:00 a.m.) $50,000,000

Rocky Mountain Natural Gas Co., Inc. ______ Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 235,000 shares

Rocky Mountain Natural Gas Co., Inc. ______ Debentures
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $2,350,000

Valdale Co., Inc. ______ Common
(Simmons, Rubin & Co., Inc.) $300,000

September 21 (Wednesday)

Brothers Chemical Co. ______ Common
(Sandkuhl & Company, Inc.) $300,000

Pacific Power & Light Co. ______ Bonds
(Bids noon) $20,000,000

Rochester Telephone Co. ______ Bonds
(11:00 a.m. N. Y. time) $12,000,000

September 22 (Thursday)

Union Electric Co. ______ Bonds
(Bids 11 a.m. EDT) $50,000,000

September 26 (Monday)

Admiral Homes, Inc. ______ Convertible Debentures
(Arthurs, Lestrange & Co.) $400,000

American Title Insurance Co. ______ Common
(A. C. Allyn & Co., Inc. and Bache & Co.) 301,884 shares

Cavitron Corp. ______ Common
(No underwriting) $600,000

Ennis Business Forms, Inc. ______ Common
(Kidder, Peabody & Co.) 74,546 shares

Klondex Inc. ______ Class A
(Schrijver & Co.) $298,000

Lence Lanes, Inc. ______ Common
(Marron, Sloss & Co., Inc.) $1,050,000

Milgo Electronic Corp. ______ Common
(Offering to stockholders—underwritten by Shearson, Hammill & Co.) 65,000 shares

Perfect Photo, Inc. ______ Convertible Debentures
(Harriman Ripley & Co., Inc.) $4,500,000

Russell Stover Candies, Inc. ______ Common
(Harriman Ripley & Co., Inc. and Stern Brothers) 200,000 shrs.

Tele-Tronics Co. ______ Common
(Woodcock, Moyer, Fricke & French, Inc.) $300,000

Trav-ler Radio Corp. ______ Debentures
(Lee Higginson Corp. and Straus, Blosser & McDowell) $2,200,000

September 27 (Tuesday)

Indianapolis Power & Light Co. ______ Bonds
(11:00 a.m. N. Y. Time) $12,000,000

Southern Pacific Co. ______ Equip. Trust Ctfs.
(Bids noon) $7,500,000

September 28 (Wednesday)

New York Telephone Co. ______ Bonds
(Bids 11:00 a.m.) $60,000,000

New York Telephone Co. ______ Common
(Bids 11:00 a.m.) $120,000,000

September 29 (Thursday)

Continental Can Co., Inc. ______ Debentures
(Goldman, Sachs & Co. and Lehman Bros.) $30,000,000

September 30 (Friday)

Aldens Inc. ______ Convertible Debentures
(Offering to stockholders—underwritten by Lehman Bros.) $6,205,000

Lifetime Pools Equipment Corp. ______ Common
(First Pennington Corp.) 100,000 shares

Mohawk Insurance Co. ______ Common
(R. F. Dowd & Co., Inc.) $900,000

Puritron Corp. ______ Common
(Bache & Co.) 250,000 shares

October 3 (Monday)
American Recreation Centers, Inc. ____ **Debentures**
(York & Co.) $600,000
American Recreation Centers, Inc. ____ **Capital**
(York & Co.) 60,000 shares
Cornet Stores ____ **Common**
(Kidder, Peabody & Co.) 150,000 shares
Pik-Quik, Inc. ____ **Common**
(A. C. Allyn & Co., Inc.) 550,000 shares
Radio Shack Corp. ____ **Common**
(Granbery, Marache & Co.) 200,000 shares
Technical Materiel Corp. ____ **Common**
(Kidder, Peabody & Co.) 120,000 shares

October 4 (Tuesday)
Gulton Industries, Inc. ____ **Common**
(Lehman Brothers and G. H. Walker & Co.) 100,000 shares
Oil Recovery Corp. ____ **Conv. Debentures**
(Lehman Brothers and Allen & Co.) $1,600,000
San Diego Gas & Electric Co. ____ **Bonds**
(Bids to be invited) $30,000,000
Southern Nevada Power Co. ____ **Preferred**
(White, Weld & Co.) $2,000,000
Southern Nevada Power Co. ____ **Bonds**
(White, Weld & Co.) $5,000,000

October 6 (Thursday)
Columbia Gas System, Inc. ____ **Debentures**
(Bids 11:00 a.m.) $30,000,000

October 10 (Monday)
Bowling Investments, Inc. ____ **Common**
(Copley & Co.) $300,000

October 11 (Tuesday)
Daffin Corp. ____ **Common**
(Lehman Bros. and Piper, Jaffray & Hopwood) 150,000 shares

October 17 (Monday)
Detroiter Mobile Homes, Inc. ____ **Common**
(Hornblower & Weeks) 250,000 shares
Minitronics, Inc. ____ **Common**
(David Barnes & Co., Inc.) $300,000

October 18 (Tuesday)
Louisville Gas & Electric Co. ____ **Bonds**
(Bids to be invited) $16,000,000

October 19 (Wednesday)
Pacific Lighting Gas Supply Co. ____ **Debentures**
(Bids to be received) $25,000,000

October 20 (Thursday)
Florida Power Corp. ____ **Bonds**
(Bids to be received) $25,000,000

October 25 (Tuesday)
American Telephone & Telegraph Co. ____ **Debentures**
(Bids to be received) $250,000,000

October 31 (Monday)
United Gas Corp. ____ **Bonds**
(Bids to be received) $30,000,000
United Gas Corp. ____ **Debentures**
(Bids to be received) $30,000,000

November 1 (Tuesday)
Pacific Gas & Electric Co. ____ **Bonds**
(Bids to be received) $60,000,000

November 3 (Thursday)
Georgia Power Co. ____ **Bonds**
(Bids to be invited) $12,000,000

November 15 (Tuesday)
Idaho Power Co. ____ **Bonds**
(Bids to be received) $15,000,000
New Jersey Bell Telephone Co. ____ **Debentures**
(Bids to be received) $20,000,000
Public Service Co. of New Hampshire ____ **Bonds**
(Bids to be received) $6,000,000

November 16 (Wednesday)
Merrimack Essex Electric Co. ____ **Preferred**
(Bids to be received) $7,500,000

December 6 (Tuesday)
Northern States Power Co. (Minn.) ____ **Bonds**
(Bids to be invited) $35,000,000

Continued from page 28

American Playlands Corp.
Aug. 22, 1960 filed 300,000 shares of common stock. **Price**—$4 per share. **Business**—The company intends to operate an amusement and recreation park on 196 acres of land near Liberty, N. Y. **Proceeds**—For development of the land. **Office**—55 South Main St., Liberty, N. Y. **Underwriter**—M. W. Janis Co., Inc., New York City.

● **American Recreation Centers, Inc. (10/3-15)**
Aug. 15, 1960 filed $600,000 of 7% sinking fund debentures, due September, 1972 (with attached warrants for the purchase of 150, shares of stock for each $1,000 debenture purchased), and 60,000 shares of capital stock. **Price** — To be supplied by amendment. **Business** — The company is engaged, through subsidiaries, in the operation of four bowling centers, and in the sale of bowling accessories. **Proceeds** — Retirement of indebtedness, modernization of facilities, and for general corporate purposes. **Office**—1721 Eastern Ave., Sacramento, Calif. **Underwriter**—York & Co. of San Francisco, Calif.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

● **American Title Insurance Co. (9/26-30)**
July 27, 1960 filed 301,884 shares of common stock (par $2), of which 150,000 shares are to be publicly offered for the account of the issuing company and the balance is to be used in connection with exchange offers for the stock of similarly engaged companies. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including possible future acquisitions. **Office**—901 N. E. 2nd Ave., Miami, Fla. **Underwriters**—A. C. Allyn & Co., Inc., and Bache & Co., both of New York City (managing).

Arden Farms Co.
May 13, 1960, filed 44,278 shares of preferred stock, and 149,511 shares of common stock. The company is offering the preferred shares at $52 per share, and common shares at $15 per share, initially through subscription warrants. The holders of outstanding preferred stock will be entitled to purchase the new preferred at the rate of one new share for each 10 shares held. Common stockholders will be entitled to purchase the additional common shares at the rate of one new share for each 10 shares held. The record date for both groups is June 23 with rights to expire on or about Sept. 16. **Proceeds** — To repay the equivalent portion of bank loans. **Office**—1900 West Slauson Ave., Los Angeles, Calif.

● **Arizona Consolidated Industries, Inc.**
July 28, 1960 (letter of notification) 100,000 shares of capital stock (no par) of which 58,000 shares are to be offered by the company and the balance by Arthur Spitz. **Price**—$3 per share. **Proceeds** — To increase inventory and for working capital. **Office**—2424 E. Washington, Phoenix, Ariz. **Underwriter**—Newton, Osborne & Reynolds, Inc., 1800 David Stott Bldg., Detroit, Mich. **Note**—It was announced on Sept. 6 that the SEC has temporarily suspended the "Reg A" exemption.

Arizona-New Mexico Development Corp.
June 28, 1960 (letter of notification) 12,000 shares of common stock (par $4) and 48,000 shares of convertible preferred stock (par $4) to be offered in units of one share of common and four shares of preferred. **Price**—$25 per unit. **Proceeds** — To develop land as a tourist attraction. **Office**—Scottsdale, Ariz. **Underwriter**—Preferred Securities, Inc.

● **Arnoux Corp. (9/12-16)**
May 23 filed 133,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes and working capital. **Office**—11924 W. Washington Blvd., Los Angeles, Calif. **Underwriter**—Shearson, Hammill & Co., New York.

Associated Sales Analysts, Inc.
Aug. 15, 1960, filed 105,000 shares of outstanding class A stock (par 10 cents). **Price**—$3.50 per share. **Business**—The company is engaged in the electronic data processing and machine accounting service business. **Proceeds** — To selling stockholders. **Office** — 220 W. 42nd Street, N. Y. C. **Underwriter**—Amos Treat & Co., Inc., New York City. **Offering**—Expected sometime in October.

Astrex Corp. (9/12-16)
July 12, 1960, filed 100,000 shares of common stock. **Price**—$4 per share. **Proceeds** — For general corporate purposes, including debt reduction. **Business**—The distribution of equipment used principally in the electronics, aircraft and missile industries. **Office**—New York City. **Underwriters**—Clayton Securities Corp., Boston, Mass., and Maltz, Greenwald & Co., of New York City.

● **Atlanta Gas Light Co.**
Aug. 9, 1960, filed 109,186 shares of common stock (par $10), being offered to holders of the outstanding common of record Sept. 1 on the basis of one new share for each 10 shares then held with an oversubscription privilege. Rights expire at 5 p.m. EDST on Sept. 19. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans incurred for construction expenditures. **Office**—Atlanta, Ga. **Underwriters**—(for unsubscribed stock): First Boston Corp., New York City, and Courts & Co. and The Robinson-Humphrey Co., Inc., both of Atlanta, Ga.

★ **Automatic Canteen Co. of America**
Sept. 1, 1960 filed 524,000 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—$9,500,000 to pay for the acquisition of Commercial Discount Corp., with the balance for general corporate purposes. **Office**—Chicago, Ill. **Underwriter**—Glore, Forgan & Co., New York City (managing). **Offering**—Expected in early October.

Autosonics, Inc.
July 29, 1960 (letter of notification) 135,000 shares of common stock (par five cents). **Price**—$2 per share. **Proceeds**—For production and research for equipment, inventory, building and working capital. **Office**—42 S. 15th St., Philadelphia, Pa. **Underwriter**—Robert M. Harris & Co., Inc., Transportation Bldg., Philadelphia, Pa.

● **Avionics Investing Corp. (9/16)**
July 12, 1960, filed 400,000 shares of capital stock (par $1). **Price** — $10 per share. **Business** — The issuer is a closed - end non - diversified management investment company. **Proceeds**—For investments in small business concerns in avionics and related fields, with a proposed limit of $800,000 to be invested in any one such enterprise. **Office** — 1000 - 16th Street, N. W., Washington, D. C. **Underwriter**—S. D. Fuller & Co., New York City.

Bal-Tex Oil Co., Inc.
June 17, 1960 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses for development of oil properties. **Office**—Suite 1150, First National Bank Bldg., Denver, Colo. **Underwriter**—L. A. Huey & Co., Denver, Colo.

Blackman Merchandising Corp.
July 28, 1960 (letter of notification) 27,500 shares of common stock, class A (par $1). **Price**—$10 per share. **Proceeds**—For working capital. **Office**—3041 Paseo, Kansas City, Mo. **Underwriter**—Midland Securities Co., Inc., Kansas City, Mo.

Border Steel Rolling Mills, Inc.
July 25, 1960 filed $1,300,000 of 6% subordinated convertible debentures, due 1976, and 245,439 shares of common stock, of which the stock will be offered to holders of record May 31, on the basis of 53¼ new shares for each share then held. **Price** — For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—For the construction of a steel mill and related facilities, land purchase, interest payments, and general funds. **Office** — Mart Bldg., El Paso, Texas. **Underwriters**—First Securities Co., Dallas, Texas, and Harold S. Stewart & Co., El Paso, Texas (for debentures only).

● **Boston Capital Corp. (9/12-15)**
Aug. 3, 1960 filed 1,500,000 shares of common stock (par $1), constituting its first public offering. **Price**—$15 per share. **Business**—The issuer is a closed-end, non-diversified maangement investment company. **Proceeds**—To invest for capital appreciation in small businesses. **Investment Advisor**—Allied Research & Service Corp., 75 Federal St., Boston, Mass. **Underwriter** — Shearson, Hammill & Co., New York City (managing).

Bowling Investments Inc. (10/10-14)
Aug. 17, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price** — $2 per share. **Proceeds**—For purchase of real estate, construction of a bowling building, purchase or lease of equipment and restaurant equipment. **Office**—1747 E. 2nd St., Casper, Wyo. **Underwriter**—Copley & Co., Colorado Springs, Colo.

★ **Bridgeport Gas Co.**
Sept. 2, 1960 filed 50,000 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each six shares held. **Price**—$27.50 per share. **Proceeds**—To be applied to the payment of bank loans incurred for property additions which are expected to approximate $1,800,000 in 1960. **Office**—815 Main St., Bridgeport, Conn. **Underwriter**—None.

● **Bristol Dynamics, Inc. (9/19-23)**
June 28, 1960, filed 124,000 shares of common stock, of which 69,000 shares are to be offered for public sale for the account of the issuing company and 55,000 shares, being outstanding stock, by the present holders thereof. **Price**—$6 per share. **Proceeds**—$100,000 for expansion and further modernization of the company's plants and equipment; $100,000 for research and development of new products; and the balance (about $123,000) for working capital and other corporate purposes. **Office**—219 Alabama Ave., Brooklyn, N. Y. **Business**—Designing, engineering, manufacturing, producing, and selling electrical and mechanical assemblies, electronic and missile hardware components and special tools and fabrications. **Underwriter** — William David & Co., Inc., New York.

Brothers Chemical Co. (9/21-23)
Aug. 9, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Business**—Manufacturing chemicals. **Proceeds**—For general corporate purposes. **Office** — 575 Forest Street, Orange, N. J. **Underwriters**—Sandkuhl & Company, Inc., Newark, N. J. and New York City and J. I. Magaril & Co., New York City.

● **Bruce National Enterprises, Inc. (9/20)**
April 29 filed 335,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For reduction of outstanding indebtedness; to pay off mortgages on certain property; for working capital and other corporate purposes. **Office**—1118 N. E. 3rd Avenue, Miami, Fla. **Underwriter** — George, O'Neill & Co., Inc., New York.

★ **Bryn Mawr Trust Co.**
The Bank is offering 7,360 shares of capital stock (exempt from SEC registration) to holders of the outstanding shares of such stock of record Aug. 30, 1960, on the basis of one new share for each 15 shares then held. Rights expire Sept. 27, 1960. **Price**—$36 per share. **Proceeds**—To increase capital funds. **Office**—Bryn Mawr, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia 9, Pa.

Business Finance Corp.
Aug. 5, 1960 (letter of notification) 195,000 shares of common stock (par 20 cents). **Price** — $1.50 per share. **Proceeds**—For business expansion. **Office**—1800 E. 26th St., Little Rock, Ark. **Underwriter**—Cohn Co., Inc., 309 N. Ridge Road, Little Rock, Ark.

Buttrey Foods, Inc.
Aug. 15, 1960 filed 65,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company operates a chain of 21 retail food stores in Montana. **Proceeds**—For equipment and inventory, and for additional stores as may be opened in the future. **Office**—601 6th St., S. W., Great Falls, Montana. **Underwriter**—J. M. Dain & Co., Inc. of Minneapolis, Minn.

Buzzards Bay Gas Co., Hyannis, Mass.
June 7 filed 27,000 outstanding shares of common stock, to be offered for sale by American Business Associates.

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Price — To be supplied by amendment. **Underwriter**—Coffin & Burr, Inc., Boston, Mass. **Offering**—Indefinitely postponed.

Bzura Chemical Co., Inc.
Aug. 25, 1960 filed 450,000 shares of common stock (par 25 cents), an undetermined number of which will be offered for the account of the issuing company, with the remainder to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The company makes and sells citric acid. **Proceeds** — To expand the capacity of the parent company, Bzura, Inc., for the manufacture of fumaric acid, and to enable it to produce itaconic acid, with the balance for working capital. **Office**—Broadway & Clark Streets, Keyport, N. J. **Underwriters**—P. W. Brooks & Co., Inc., and Lee Higginson Corp., both of New York City (managing). **Offering**—Expected in late September.

Canaveral International Corp.
Aug. 12, 1960 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Land sales and development. **Proceeds**—$150,000 for accounts payable, $335,000 for mortgage and interest payments, $250,000 for advertising, $250,000 for development costs and $290,000 for general working capital. **Office**—1766 Bay Road, Miami Beach, Fla. **Underwriter** — S. Schramm & Co., Inc., New York City.

Capital Investments, Inc.
July 15, 1960 filed 60,000 shares of common stock. **Price**—$11 per share. **Business**—Issuer is a closed-end, non-diversified management investment company providing equity capital and advisory services to small business concerns. **Proceeds** — For general corporate purposes. **Office**—743 No. Fourth St., Milwaukee, Wis. **Underwriter**—The Marshall Co., Milwaukee. **Offering**—Imminent.

Carco Industries, Inc.
Aug. 25, 1960 filed 150,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business**—The manufacture, assembly, sale, and installation of various metal products. **Proceeds**—For general corporate purposes, including payment of taxes, plant and equipment, and working capital. **Office** — 7341 Tulip St., Philadelphia, Pa. **Underwriter**—Myron A. Lomasney & Co., New York City. **Offering**—Expected sometime in October.

Cavitron Corp. (9/26-30)
June 17, 1960, filed 40,000 shares of common stock. **Price** $15 per share. **Proceeds**—To finance the company's anticipated growth and for other general corporate purposes. **Office**—42-15 Crescent St., Long Island City, N. Y. **Underwriter**—None.

● Chematomics, Inc.
June 24, 1960, filed 188,300 shares of common stock (par 10 cents), of which 175,000 are to be offered for public sale by the company and 13,300 shares, being outstanding stock, by the present holders thereof. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—122 East 42nd Street, New York, N. Y. **Business**—Intends to manufacture and market high heat resistant ion exchange resins. **Underwriter**—Pleasant Securities Co., Newark, N. J. **Note**—The statement was withdrawn on Aug. 31.

★ Chemtronic Corp.
Sept. 2, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—The company makes and sells miniature electrolytic capacitors. **Proceeds**—For general corporate purposes, including the repayment of bank loans and the addition of technical personnel. **Office**—309 11th Ave., South, Nashville, Tenn. **Underwriter**—Jay W. Kaufmann & Co., New York City. **Offering**—Expected in early November.

Cinestat Advertising Corp.
Aug. 26, 1960 filed 15,000 shares of class B capital stock. **Price**—$100 per share. **Business**—The firm sells advertising and display devices. **Proceeds**—For starting the business. **Office**—30 West Monroe St., Chicago, Ill. **Underwriter**—None.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

Clark Cable Corp.
Aug. 23, 1960 filed 222,500 shares of common stock, of which 127,500 shares are to be offered for the account of the issuing company and 95,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$4 per share. **Proceeds** — To reduce indebtedness, with the balance for working capital. **Office** — Cleveland, O. **Underwriter**—Robert L. Ferman & Co., Miami, Fla. (managing).

● Columbia Gas System, Inc. (10/6)
Aug. 26, 1960 filed $30,000,000 of debentures, series O, due 1985. **Proceeds**—For construction. **Office**—120 E. 41st St., New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Inc Inc.; Shields & Co.; R. W. Pressprich & Co. and Carl M. Loeb, Rhoades & Co., all of New York City. **Bids**—Expected to be received on Oct. 6 up to 11:00 a.m. N. Y. Time. **Information**—During business hours on Oct. 3 at 120 East 41st Street, New York City.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

Commercial Banking Corp. (9/12-16)
July 18, 1960 (letter of notification) $290,000 of 6% subordinated debenture bonds due April 1, 1969 with five year warrants to purchase common stock. **Price**—$965 per $1,000 debenture. **Proceeds**—For working capital. **Office**—104 S. 20th St., Philadelphia, Pa. **Underwriter**—Suplee, Yeatman, Mosley & Co., Inc., Philadelphia, Pa.

Commonwealth Electronics Corp.
Aug. 1, 1960 (letter of notification) 60,000 shares of class A common stock (par 10 cents). **Price** — $5 per share. **Proceeds**—To purchase machinery and equipment, research and development and for working capital. **Address** — c/o Harold G. Suiter, Box 1061, Rio Piedras, Puerto Rico. **Underwriters** — L. L. Bost Co., Baltimore, Md.

★ Commonwealth Telephone Co. (Pa.)
Aug. 25, 1960 filed 42,960 shares of common stock (par $10) to be offered to the holders of the outstanding common on the basis of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—To reduce amount of outstanding bank loans. **Office**—Dallas, Pa. **Underwriter**—Eastman, Dillon, Union Securities & Co., New York City (managing).

Consolidated Realty Investment Corp.
April 27 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp., Little Rock, Ark.

Continental Can Co., Inc. (9/29)
Aug. 31, 1960 filed $30,000,000 of debentures, due Oct. 1, 1985. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—100 E. 42nd St., New York City. **Underwriters**—Goldman, Sachs & Co., and Lehman Brothers (managing).

Coral Aggregates Corp.
Aug. 25, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company intends to engage in the extraction and sale of rock. **Proceeds**—For equipment, working capital, and the retirement of indebtedness, with the balance for general corporate purposes. **Office**—7200 Coral Way, Miami, Fla. **Underwriters**—Peter Morgan & Co., New York City, and Robinson & Co., Inc., Philadelphia, Pa. **Offering**—Expected in mid-October.

● Cornet Stores (10/3-7)
Aug. 26, 1960 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The company operates a chain of 125 retail variety stores in five mainland western states and Hawaii. **Proceeds**—$1,100,000 will be used to repay short-term indebtedness, with the balance for general corporate purposes. **Office**—411 So. Arroyo Parkway, Pasadena, Calif. **Underwriter**—Kidder, Peabody & Co., New York City (managing).

Crown Photo, Inc.
Aug. 17, 1960 filed 100,000 shares of common stock. **Price**—$8 per share. **Business**—Processing and printing photographic film. **Proceeds**—Repayment of loans, expansion of facilities, and the balance for working capital. **Office**—3132 M St., N. W., Wash., D. C. **Underwriter**—Johnston, Lemon & Co., Wash., D. C.

Cryogenics Inc.
Aug. 16, 1960 filed 236,000 shares of common stock, of which 175,000 shares are to be offered for public sale, and the balance will be sold to promoters. **Price**—For the public offering, $2 per share. **Proceeds**—To repay a bank loan, for salaries, operating expenses, purchase of land, construction of a new laboratory and working capital. **Office**—Washington, D. C. **Underwriter**—John R. Maher Associates, New York City. **Offering**—Expected sometime in October.

★ Cyclomatics, Inc.
Aug. 31, 1960 filed 250,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Business**—Motorized and automatic health equipment. **Proceeds** — For inventory and working capital. **Office**—Astoria, L. I., N. Y. **Underwriter**—General Securities Co., 101 W. 57th St., N. Y. 19, N. Y. **Offering**—Expected in late September or early October.

Daffin Corp. (10/11)
Aug. 22, 1960, filed 150,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The company makes agricultural implements, feed grinding and mixing equipment for the livestock industry, and conveying and seed cleaning equipment. **Proceeds**—To selling stockholders. **Office**—Hopkins, Minn. **Underwriters**—Lehman Brothers, New York City, and Piper, Jaffray & Hopwood, Minneapolis, Minn. (managing).

Dakota Underwriters, Inc.
Aug. 3, 1960 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay outstanding notes and the remainder for general corporate purposes. **Office**—214 W. Third St., Yankton, S. C. **Underwriter**—Professional Insurers and Investors Ltd., 104 E. 8th St., Denver, Colo.

Dalto Corp. (9/12-16)
March 29 filed 134,739 shares of common stock, to be offered for subscription by holders of such stock of record May 2 at the rate of one new share for each two shares then held. **Price**—To be supplied by amendment. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—None.

Dealers Discount Corp., Inc.
Aug. 1, 1960 (letter of notification) $300,000 of 7% subordinated convertible sinking fund debentures, due July 1, 1975. **Price**—At face value. **Proceeds**—For working capital. **Address**—Darlington, S. C. **Underwriters**—G. H. Crawford Co., Inc. and Frank S. Smith & Co., Inc., Columbia, S. C. and V. M. Manning & Co., Inc., Greenville, S. C.

● Del Electronics Corp.
July 26, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company makes, from its own designs, and sells high voltage power supplies, transformers, chokes, and reactors. **Proceeds**—For working capital, relocation, and expansion. **Office**—521 Homestead Ave., Mount Vernon, New York. **Underwriters** — Standard Securities Corp., New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa. **Offering**—Imminent.

Deluxe Aluminum Products, Inc.
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St.. Miami, Fla. **Underwriter**—R. A. Holman & Co., Inc. **Offering**—Expected sometime in September.

● Detroiter Mobile Homes, Inc. (10/17-21)
Aug. 17, 1960 filed 250,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The manufacture and sale of mobile homes. **Proceeds**—Approximately $1,000,000 to be invested in the capital stock of its wholly-owned subsidiary Mobile Home Finance Co., and the balance to be added to the general funds for inventory and accounts receivable. **Office**—1517 Virginia St., St. Louis, Mo. **Underwriter**—Hornblower & Weeks of New York City (managing).

Detroit Tractor, Ltd.
May 26 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. **Price**—Not to exceed $3 per share. **Proceeds**—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. **Office**—1221 E. Keating Avenue, Muskegon, Mich. **Underwriter**—To be supplied by amendment.

(G. C.) Dewey Corp.
Aug. 25, 1960 filed 64,500 shares of outstanding common stock (par one cent). **Price**—To be supplied by amendment. **Business** — Missile and electronics research and development work for the Government. **Proceeds** — To selling stockholders. **Office**—202 E. 44th St., New York City. **Underwriter**—None. **Agent**—The Empire Trust Co. of New York will receive subscriptions.

● Diversified Collateral Corp. (9/12-16)
July 26, 1960 filed (with the SEC in Atlanta) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Mortgage financing in Florida. **Proceeds**—For additional working capital. **Office**—Miami Beach, Fla. **Underwriter**—The Tager Co., 1271 6th Ave., New York City.

Diversified Realty Investment Co.
April 26 filed 250,000 shares of common stock. **Price**—$5 per share (par 50 cents). **Proceeds** — For additional working capital. **Office**—919 18th Street, N. W., Washington, D. C. **Underwriter**—Ball, Pablo & Co., Washington, D. C.

★Dorsey Corp.
Sept. 1, 1960 filed $3,500,000 of 6½% sinking fund debentures, due October, 1975, with warrants for the purchase of 140,000 common shares, together with 350,000 common shares. **Price**—For the 140,000 shares, $12 per share; for the 350,000 shares the price will be supplied by amendment. **Business**—The design, manufacture, and distribution of all types of highway trailers except those carrying liquids. **Proceeds**—$7,000,000 will be supplied to the purchase of all the outstanding capital stock of Chattanooga Glass Co., with the balance for general corporate purposes. **Office** — 485 Lexington Ave., New York City. **Underwriter**—Blair & Co., Inc., New York City (managing). **Offering** — Expected sometime in October.

Drexel Dynamics Corp.
Aug. 26, 1960 filed 100,000 shares of common stock (no par). **Price**—$6 per share. **Business**—Research, development, and production in the fields of mechanics, electronics, optics, and functional systems. **Proceeds**—The net proceeds, estimated at $511,740, will be used for product development ($100,000), payment of notes ($16,000), and working capital ($395,740). **Office**—Philadelphia, Pa. **Underwriter** — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa. (managing). **Offering** — Expected sometime in October.

● Duncan Coffee Co. (9/19-23)
Aug. 4, 1960, filed 260,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Business**—Engaged primarily in importing, processing, packaging and distributing its own blended coffees, marketed principally under the trade names "Maryland Club" and "Admiration." **Proceeds** — To pay $2,050,000 aggregate principal amount of senior subordinated debentures maturing Dec. 31, 1960, and the balance toward the reduction of outstanding trade acceptances of the company. **Office**—1200 Carr St., Houston, Texas. **Underwriter**—Bear, Stearns & Co., New York City.

Dynamic Center Engineering Co., Inc.
June 20, 1960 (letter of notification) 37,450 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To promote the sale of new products, for the purchase

of additional equipment and working capital. **Address**—Norcross, Ga. **Underwriter**—Gaston-Buffington-Waller Inc., Atlanta, Ga.

Dynatron Electronics Corp.
April 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—178 Herricks Road, Mineola, N. Y. **Underwriter**—General Securities Co., Inc., New York, N. Y.

East Alabama Express, Inc.
April 1 (letter of notification) 77,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To repay notes payable, reduce equipment purchase obligations, accounts payable and for working capital. **Office**—109 M Street, Anniston, Ala. **Underwriter**—First Investment Savings Corp., Birmingham, Ala.

East Central Racing and Breeders Association, Inc. (9/15)
July 5, 1960, filed 200,000 units of 200,000 shares of capital stock and 200,000 warrants to purchase capital stock. Each unit will consist of one share and one warrant for the purchase of an additional share exercisable within 12 months. **Price**—$3.50 per unit. **Proceeds**—First step in the management's program if this financing is successful and after allocating $10,000 to finishing a training track surface and $25,000 to property accruement and maintenance, is the construction of about 15 stables to accommodate 32 horses each at an estimated cost of $22,500 each. An additional $200,000 has been allocated for construction of a building covering an indoor training track and $74,000 for working capital. **Office** — Randall, N. Y. **Underwriter**—None.

Eastern Shopping Centers, Inc.
Aug. 15, 1960, filed 1,048,167 shares of common stock to be offered for subscription by holders of outstanding common stock on the basis of one new share for each 3 shares held. **Price**—To be supplied by amendment. **Business**—The construction, development and management of shopping centers. **Proceeds**—To be added to the general funds for working capital and general corporate purposes. **Office**—6L Mall Walk, Cross County Center, Yonkers, N. Y. **Underwriter**—None.

• Edwards Engineering Corp. (9/14)
April 8 filed 85,000 shares of common stock of which 70,000 shares are to be offered for the account of the issuing company and 15,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes including salaries, sales promotion, moving expenses, and research and development work. **Office**—715 Camp Street, New Orleans, La. **Underwriter**—Sandkuhl & Company, Inc., New York City and Newark, N. J.

Electro Industries, Inc.
July 19, 1960 (letter of notification) 75,000 shares of class A common stock (no par) and 20,000 shares of additional class A common stock to be offered to the underwriters. **Prices**—Of class A common, $2 per share; of additional class A common, 2½ cents per share. **Proceeds**—To expand the company's inventory to go into the packaging and export of electrical equipment, and for working capital. **Office**—1346 Connecticut Ave., N. W., Washington, D. C. **Underwriter** — Carleton Securities Corp., Washington, D. C.

Electromedia, Inc.
Aug. 26, 1960 (letter of notification) 100,000 shares of common stock (par $2). **Price**—$3 per share. **Proceeds**—To advertise and for payroll and working capital. **Office**—6399 Wilshire Blvd., Suite 812, Los Angeles, Calif. **Underwriter** — Baron, Black, Kolb & Lawrence, Inc., Beverly Hills, Calif.

Electronic Specialty Co.
June 2 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds in anticipation of capital requirements, possibly to include acquisitions. **Office**—5121 San Fernando Road, Los Angeles, Calif. **Underwriters**—Reynolds & Co., Inc. of New York City and Bateman, Eichler & Co. of Los Angeles, Calif. **Offering**—Indefinitely postponed.

Ennis Business Forms, Inc. (9/26-30)
July 14, 1960, filed 74,546 shares of outstanding common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 214 West Knox St., Ennis, Texas. **Underwriter**—Kidder, Peabody & Co., New York City.

Fae Instrument Corp.
July 28, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price** — $5 per share. **Business** — The manufacture of technical instruments. **Proceeds**—For payment of current liabilities, an expansion program, and for operating capital. **Office**—42-61 Hunter St., Long Island City 1, N. Y. **Underwriter**—Elmer K. Aagaard, Suite 6, Stock Exchange Bldg., 39 Exchange Place, Salt Lake City, Utah.

Fairmount Finance Co. (9/12-16)
May 6 (letter of notification) 58,000 shares of class A common stock (par $5). **Price**—At par ($5 per share). **Proceeds**—For working capital. **Office**—5715 Sheriff Road, Fairmount Heights, Md. **Underwriter**—J. T. Patterson & Co., Inc., 40 Exchange Place, New York, N. Y.

Farm & Home Loan & Discount Co.
Aug. 4, 1960 (letter of notification) 125,000 shares of class A common stock; 50,000 shares of class B common stock, and 50,000 shares of class C common stock, to be sold to policyholders of the company. **Price**—Class A, 25 cents per share; class B, 35 cents per share, and class C, 50 cents per share. **Proceeds**—For working capital. **Office**—2225 N. 16th St., Phoenix, Ariz. **Underwriter**—None.

Farms, Inc.
June 13 (letter of notification) $298,000 of 10-year 5¾% debentures, to be offered in denominations of $1,000, $500 and $250 each. **Price**—At face value. **Proceeds**—For working capital. **Office**—818 17th Street, Denver 2, Colo. **Underwriter**—Wayne Jewell Co., Denver, Colo.

★ Federated Electronics, Inc.
Aug. 31, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price** — $2 per share. **Business**—Manufacture of electronic devices. **Proceeds**—For general corporate purposes. **Office**—134-20 Jamaica Avenue, Jamaica, N. Y. **Underwriter** — J. B. Coburn Associates, Inc., New York, N. Y.

Federal Pacific Electric Co.
Aug. 2, 1960 filed 377,000 shares of common stock and $45,000 shares of outstanding 5½% convertible second preferred series A stock, of which 127,000 common shares represent part of the issuer's payment for all of the outstanding common of Pioneer Electric Limited. The balance will be offered publicly. **Price** — To be supplied by amendment. **Proceeds**—To acquire the cash necessary to complete the Pioneer payment (see above), with the balance to retire short-term bank loans, and be added to working capital. **Office** — 50 Terrace St., Newark, N. J. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill. (managing). **Offering** — Expected in late September to early October.

Fiber Glass Industries Corp. of America
July 21, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents) of which 80,000 shares are to be offered on behalf of the company and 20,000 on behalf of the underwriter. **Price**—$3 per share. **Proceeds**—To purchase material, repayment of a loan, for advertising and promotion and for working capital. **Office**—730 Northwest 59th St., Miami, Fla. **Underwriter**—Nelson Securities, Inc., Hempstead, N. Y.

First Connecticut Small Business Investment Co.
Aug. 12, 1960 filed 225,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To retire $150,000 of debentures, and for capital for loans for small businesses. **Office**—955 Main St., Bridgeport, Conn. **Underwriter**—Grimm & Co. of New York City.

★ Flatirons Investment Co.
Aug. 29, 1960 (letter of notification) 2,450 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office** — 900-28th St., Boulder, Colo. **Underwriter**—None.

Fleetcraft Marine Corp.
July 5, 1960 (letter of notification) 150,000 shares of capital stock (no par) of which 112,500 shares are being offered by the company and the remainder for the account of the selling stockholder. **Price**—$2 per share. **Proceeds** — To pay off debts and for working capital. **Office** — c/o Robert R. Chesley, 1235 E. Florence Ave., Los Angeles, Calif. **Underwriter**—Arthur B. Hogan, Inc., Burbank, Calif.

Florida Hillsboro Corp.
Aug. 16, 1960 filed $1,000,000 of junior lien bonds, 7% series, due 1975, and 150,000 shares of common stock, to be offered in units of a $500 bond and 75 shares of common stock. Also filed were 120,000 shares of common stock. **Price**—For the units, $500 per unit; for 120,000 common shares, $1 per share. **Proceeds** — For property improvements, the repayment of indebtedness, and the balance for working capital. **Office**—Ft. Lauderdale, Fla. **Underwriters**—P. W. Brooks & Co. Inc. and Lee Higginson Corp. (for the common only), both of New York City. **Offering**—Expected in late September.

• Foto-Video Electronics Corp. (9/19-23)
April 26 filed 125,000 shares of class B stock. **Price**—$4 per share. **Proceeds**—$100,000 for research and development, $200,000 for working capital, and the balance for sales promotion expenses. **Office** — Cedar Grove, N. J. **Underwriter**—Fund Planning, Inc., New York City.

• Four Star Television (9/19-23)
July 27, 1960 filed 120,000 shares of capital stock. **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries will produce and market television film series and related enterprises. **Proceeds**—For general corporate purposes. **Office**—4030 Radford Ave., North Hollywood, Calif. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo. (managing).

Franklin Discount Co.
Aug. 23, 1960, filed $300,000 of 8% subordinated convertible debentures, due serially 1966-1968, and $300,000 of 8% subordinated capital notes due eight years, eight months and eight days after date of issue. **Prices**—At par. **Business**—The company is engaged in the consumer finance or small olan business, and, to a lesser extent, in the purchasing of car, boat, and appliance installment sales contracts from dealers. **Proceeds**—For general corporate purposes. **Office**—105 North Sage Street, Toccoa, Ga. **Underwriter**—None.

Frouge Corp.
July 22, 1960 filed $1,500,000 of 6½% convertible subordinated debentures, due September 1975, and 150,000 shares of common stock (par $1), of which filing 50,000 of the common shares are to be offered for the account of selling stockholders and the balance for the account of the issuing company. **Price** — To be supplied by amendment. **Business**—The company is engaged in the construction business, both as a general contractor and as a builder for its own account. **Proceeds** — For debt reduction and working capital. **Office**—141 North Ave., Bridgeport, Conn. **Underwriter**—Van Alstyne, Noel & Co., New York City (managing). **Offering**—Expected in late September.

General Sales Corp.
April 28 filed 90,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter** — Fennekohl & Co., Inc., New York. **Offering**—Expected in mid-September.

General Steel Castings Corp. (9/15)
July 22, 1960 filed 296,649 shares of common stock (par $1), of which 100,000 shares are to be offered for the account of the issuing company and the balance, representing outstanding stock, will be offered for the account of the present holders thereof. **Price**—To be related to the market price for the shares at the time of the offering. **Proceeds**—To be loaned to St. Louis Car Co., a subsidiary. **Office** — 1417 State St., Granite City, Ill. **Underwriter** — Hornblower & Weeks, New York City (managing).

• Glen Manufacturing, Inc.
Aug. 8, 1960 filed 125,000 shares of common stock, of which 100,000 shares are to be offered for the account of the issuing company and 25,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$10 per share. **Business**—The company makes and sells ladies' clothes, fabric covers for bathroom fixtures, and, through Mary Lester Stores, yard goods, sewing supplies, decorating fabrics, and various notions. **Proceeds**—For working capital, including initially, the reduction of short term bank loans which aggregated $2,650,000 on July 25. **Office**—320 East Buffalo St., Milwaukee, Wis. **Underwriter**—Loewi & Co., Milwaukee, Wis. (managing).

• Glickman Corp.
Aug. 19, 1960 filed 400,000 shares of class A common stock (par $1). **Price**—$10 per share. **Business**—The company, organized in May, 1960, plans to engage in the real estate business. **Proceeds** — For general corporate purposes. **Office**—565 Fifth Ave., New York City. **Underwriter**—Morris Cohon & Co., New York City. **Offering**—Expected in mid-October.

Gold Medal Packing Corp.
June 17, 1960, filed 100,000 shares of 25c convertible preferred stock (par $4). **Price**—At par. **Proceeds**—Approximately $150,000 will be used to discharge that portion of its obligation to Jones & Co. pursuant to which certain inventories are pledged as collateral. The indebtedness to Jones & Co. was initially incurred on June 15, 1960 in connection with refinancing the company's obligations to a bank. In addition, $15,000 will be used for the construction of an additional smokehouse, and the balance will be used for general corporate purposes. **Office**—614 Broad Street, Utica, N. Y. **Business**—The company is engaged in the processing, packing and distribution of meats and meat products, principally sausage products, smoked meats, bacon, and meat specialties. It also sells certain dairy products. **Underwriter**—Ernst Wells, Inc., 15 William Street, New York City.

Greenbelt Consumer Services, Inc.
April 28 filed 40,000 shares of series A common stock and 160,000 shares of series B common stock. **Price**—$10 per share. **Proceeds**—$400,000 will be used in payment of bank loans made in January to finance the purchase of equipment for two new supermarkets which are planned to be opened in May and June, 1960. Approximately $200,000 will be used for the purchase of inventory for the two new stores. The company contemplates opening four additional supermarkets within the next two and one-half years. Approximately $1,200,000 of the proceeds of the offering will be used to finance the purchase of equipment and inventory for such stores. The balance of approximately $182,000 will be added to general working capital. **Office**—10501 Rhode Island Ave., Beltsville, Md. **Underwriter**—None.

★ Gulf Resources, Inc.
Sept. 2, 1960 filed 140,000 shares of common stock (par 10 cents). **Price**—$8 per share. **Business**—Gathering natural gas in Zapata and Starr Counties, Texas. **Proceeds**—For general corporate purposes. **Office** — 20 Broad Street, New York City. **Underwriter**—Amos Treat & Co., Inc., New York City. **Offering**—Expected sometime in October.

Gulton Industries, Inc. (10/4)
Aug. 11, 1960 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The research, development and manufacture of electronic, electro-mechanical and electro-acoustic components, instruments and equipment, which are sold to military and commercial manufactures. **Proceeds**—To be added to the general funds, for requirements including additional working capital for inventories and accounts receivable. **Office** — 212 Durham Ave., Metuchen, N. J. **Underwriters**—Lehman Brothers and G. H. Walker & Co., both of New York City (managing).

• Hallicrafters Co. (9/15)
July 22, 1960 filed 300,000 shares of capital stock (par $1), of which 100,000 shares are to be offered for the account of the issuing company and the balance, representing outstanding stock, is to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business** — The research, development, and manufacture of military electronic equipment, and the commercial manufacture and sale of shortwave sending and receiving equipment. **Proceeds**—For working capital, including the reduction of indebtedness by $1,000,000. **Office**—4401 W. Fifth Ave., Chicago, Ill. **Underwriter**—Paine, Webber, Jackson & Curtis (managing).

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● Harvest Brand, Inc. (9/12-13)
July 22, 1960 filed 191,667 shares of common stock (10c par), of which 150,000 shares will be sold for the account of the issuing company and 41,667 shares, representing outstanding stock, will be sold for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The issuer is engaged primarily in the formulation, manufacture, distribution, and sale of feed supplements, minerals, and pre-mixes for the livestock industry in the mid-west. **Proceeds**—To retire long-term debt; for a new automated plant, and for additional working capital. **Office** — Pittsburgh, Kansas. **Underwriter**—S. D. Fuller & Co., New York City.

● Hawaiian Electric Co., Ltd.
July 25, 1960 filed 116,643 shares of common stock being offered to holders of the outstanding common on the basis of one new share for each eight shares held of record Aug. 23, with rights to expire at 12 noon on Sept. 27. **Price**—$49 per share. **Proceeds**—For capital expenditures. **Office**—900 Richards St., Honolulu, Hawaii. **Underwriter**—None.

Hawaiian Pacific Industries, Inc.
June 29, 1960, filed $1,350,000 of 6½% convertible subordinated debentures, due September, 1970, and 100,000 shares of common stock. **Price**—Debentures, at 100% of principal amount; common stock at a maximum of $10 per share. **Proceeds** — For construction expenses, new equipment, reduction of indebtedness, and the acquisition of properties. **Office** — Honolulu, Hawaii. **Underwriters**—Bosworth, Sullivan & Co. and Lowell, Murphy & Co., both of Denver, Colo. **Offering**—Expected in September.

● Heldor Electronics Manufacturing Corp. (9/19-23)
June 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 238 Lewis Street, Paterson, N. J. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y.

Helicopters, Inc.
May 19 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For purchase of equipment, tools, inventory and working capital. **Office**—Heliport, Stapleton Airfield, Denver 2, Colo. **Underwriter**—Insurance Stocks, Inc., Denver, Colo. **Offering**—Expected in September.

Highway Cruisers of California, Inc.
Aug. 19, 1960 (letter of notification) 60,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—To improve and extend distribution of products, research and development and for working capital. **Office**—8117 E. Slauson Ave., Montebello, Calif. **Underwriter**—Keon & Co., Inc., Los Angeles 14, Calif.

Hilltop, Inc.
Aug. 17, 1960 filed $1,650,000 of 6% subordinated debentures, due 1980, and 1,650 shares of class A common stock, to be offered in units of one $1,000 debenture and one class A share. **Price** — To be supplied by amendment. **Business**—The principal business of the company, which was organized under Kansas law in June, 1959, will be the owning, acquiring, improving, developing, selling, and leasing of improved and unimproved real property. **Proceeds**—To reduce funded debt. **Office**—401 Columbian Bldg., Topeka, Kan. **Underwriter**—None.

Home Builders Acceptance Corp.
July 15, 1960 filed 1,000,000 shares of common stock (par 50c). **Price**—$1 per share. **Business**—The company is engaged in real estate financing and lending. **Proceeds** —For general corporate purposes. **Office** — 409 N. Nevada, Colorado Springs, Colo. **Underwriter**—None.

Honey Dew Food Stores, Inc.
June 24, 1960 (letter of notification) $300,000 of 7½% convertible subordinated debentures due July 1, 1970. **Price** — At 100%. These debentures are convertible through June 30, 1965 into capital stock at $2.50 per share to and including June 30, 1962, at $3.33⅓ per share from July 1, 1962 to June 30, 1964 inclusive and at $4 per share from July 1, 1964 to June 30, 1965 inclusive. **Proceeds** — For general corporate purposes. **Office** — 811 Grange Rd., Teaneck, N. J. **Underwriter** — Vickers, Christy & Co., Inc., 15 William St., New York 5, N. Y. **Offering**—Expected sometime in October.

Horizon Land Corp.
Aug. 29, 1960 filed $1,500,000 of 7% subordinated convertible debentures, due October 1970, and 150,000 series III, common stock purchase warrants, to be offered in units consisting of a $1,000 debenture and 100 warrants. **Price** — $1,000 per unit. **Business** — Buying and selling land. **Proceeds**—For general corporate purposes, including land acquisition and advertising expenses. **Office**—Tucson, Ariz. **Underwriter**—Ross, Lyon & Co., Inc., New York City.

I C Inc.
June 29 filed 600,000 shares of common stock (par $1) Price—$2.50 per share. Proceeds—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. Office—704 Equitable Bldg., Denver, Colo. Underwriters— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo. Offering—Expected in early October.

Illinois Beef, L. & W. S., Inc.
April 29 filed 200,000 shares of outstanding common stock. **Proceeds**—To selling stockholders. **Price**—$10 per share. **Office**—200 South Craig Street, Pittsburgh, Pa. **Underwriters**—Amos Treat & Co., Inc., New York, and Bruno Lenchner, Inc., Pittsburgh, Pa. **Offering**—Expected sometime in October.

Indian Head Mills, Inc.
Aug. 10, 1960 filed 60,000 shares of outstanding common stock (par $1), of which 50,000 shares are to be offered for the account of present holders, and the remaining shares being registered pursuant to an option agreement. **Price**—To be supplied by amendment. **Business**—Production and distribution of fabrics, and related services for fabric converters. **Proceeds**—To selling stockholders. **Office**—111 W. 40th Street, New York City. **Underwriters** —Blair & Co. and F. S. Smithers & Co., both of New York City (managing). **Offering**—Expected in late September or early October.

● Indian Trail Ranch, Inc.
June 28, 1960, filed $585,000 of 6% convertible promissory notes due 1965; 171,600 warrants to purchase the said notes; and 57,200 common shares issuable upon conversion of the notes. The company is offering common stockholders rights to subscribe to the notes at the rate of $5 principal amount of notes for each share of common stock held. Each stockholder is entitled to one subscription right for each share held; and three rights are required to subscribe for one note in the amount of $15, the minimum subscription. **Business**—The company is authorized to engage in a general farming and ranching business. **Proceeds** — To enable the company to obtain the necessary funds required to meet various financial commitments in connection with its bank loans, mortgage payments and carrying charges with respect to some 44,000 acres. **Office** — Southern Blvd., West Palm Beach, Fla. **Underwriter**—None. **Note** —This statement was effective on Sept. 2.

Indianapolis Power & Light Co. (9/27)
Aug. 25, 1960 filed $12,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Goldman, Sachs & Co., and The First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co.; White, Weld & Co., and Shields & Co. (jointly); Blyth & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be recieved up to 11 a.m. (New York Time) on Sept. 27. **Information Meeting**—Scheduled for Sept. 22 between 9:30 a.m. and 5:00 p.m. by appointment, at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

Industrial Development Bank of Israel Limited (9/15)
July 22, 1960 filed 10,000,000 6% preference C shares. **Price**—$1 per share, payable in cash or in Israel bonds. **Proceeds** — For use as working capital to be used in granting loans to firms judged beneficial to the Israel economy. **Office**—113 Allenby Road, Tel-Aviv, Israel. **Underwriter**—Harry E. Brager Associates, Washington, D. C. and New York City.

★ Industrial Hose & Rubber Co., Inc.
Aug. 31, 1960 filed 125,000 shares of common stock. **Price** —$4 per share. **Proceeds** — Toward the repayment of notes, new machinery, additional inventory, and the balance for working capital. **Office** — Miami, Fla. **Underwriter**—Schrijver & Co., New York City (managing).

● Industrial Timer Corp. (9/12-16)
July 28, 1960 filed 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The manufacture and sale of timing controls, relays, and a recently developed actuating programmer. **Proceeds**—For general corporate purposes, including construction, additional personnel, and the reduction of indebtedness. **Office**—1407 McCarter Highway, Newark, N. J. **Underwriters** — G. H. Walker & Co. and C. E. Unterberg, Towbin Co., both of N. Y. City (managing).

Intercoast Companies Inc.
Aug. 16, 1960 filed 110,000 shares of common stock. **Price** —To be supplied by amendment. **Proceeds**—To pay the balance due on the purchase of Western Life shares, and the balance will be added to the general funds to finance the development of general life insurance agency and for working capital. **Office**—Sacramento, Calif. **Underwriter** —Schwabacher & Co., San Francisco, Calif. and New York City. **Offering**—Expected in mid-October.

International Diode Corp.
July 29, 1960 filed 42,000 shares of 6% non-cumulative convertible preferred stock (par $8). **Price** — $8 per share. **Business**—Makes and sells diodes. **Proceeds**—To establish a staff of production and sales engineers, finance new product development, buy equipment, and add to working capital. **Office**—90 Forrest St., Jersey City, N. J. **Underwriter**—Ernst Wells, Inc., New York City.

International Safflower Corp. (9/19-23)
Aug. 3, 1960 (letter of notification) 60,000 shares of class A common stock (par $2). **Price**—$5 per share. **Proceeds**—To retire outstanding loans, purchase of planting seed, lease or purchase land, building and machinery and for working capital. **Office** — 350 Equitable Bldg., Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs, Colo.

Investor Service Fund, Inc.
July 14, 1960, filed 100,000 shares of common stock. **Price**—$10 per share, in 100-share units. **Business**—The company, which has not as yet commenced operations, intends to offer investors a chance to participate in diversified real estate ventures. **Proceeds**—To purchase all or part of the Falls Plaza Shopping Center, Falls Church, Va. **Office**—1823 Jefferson Place, N. W., Washington, D. C. **Underwriters**—Investors Service Securities, Inc., and Riviere Marsh & Co., both of Washington.

Irving Fund for Investment in U. S. Government Securities, Inc.
July 22, 1960, filed 400,000 shares of common stock. **Price** — $25 per share. **Business** — A diversified investment company, which will become an open-end company with redeemable shares upon the sale and issuance of the shares being registered. **Proceeds**—For investment in U. S. Government securities. **Office**—50 Broad Street, New York City. **Underwriter**—To be supplied by amendment. **Attorneys** — Brinsmade & Shafrann, 20 Pine Street, New York 5, N. Y.

● Itemco, Inc.
April 29 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For repayment of outstanding debt, for instrumentation and automation of laboratory equipment, for expansion of existing manufacturing facilities and the acquisition or establishment of additional facilities, and the balance for working capital. **Office**—18 Beechwood Avenue, Port Washington, N. Y. **Underwriters**—Morris Cohon & Company and Schrijver & Co., both of New York. **Offering**—Delayed.

★ Kavanagh-Smith & Co.
Aug. 29, 1960 filed 145,000 shares of common stock (par $1) of which 30,000 shares are to be offered by stockholders. **Price**—$5 per share. **Proceeds** — For working capital. **Office** — 114 N. Greene St., Greensboro, N. C. **Underwriters**—United Securities Co. and Allied Securities Corp., Greensboro, N. C.; McCarley & Co., Inc., Asheville, N. C.; J. Sturgis May & Co., High Point, N. C. and Vaughan & Co., Wilmington, N. C.

Kaynar Inc.
Aug. 24, 1960 filed 300,000 shares of common stock, of which 100,000 shares are to be offered for the account of the issuing company and 200,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Office**—Pico-Rivera, Calif. **Underwriter** — William R. Staats & Co., Los Angeles, Calif.

Keller Corp.
Aug. 26, 1960 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For working capital. **Office**—101 Bradley Place, Palm Beach, Fla. **Underwriter**—Casper Rogers Co., New York, N. Y.

Kent Publishing Co., Inc.
July 20, 1960 (letter of notification) 50,000 shares of common stock (par $1). **Price**—$1.10 per share. **Proceeds** —To retire a short term note and for general corporate purposes. **Office**—619 Southeastern Bldg., Greensboro, N.C. **Underwriter**—McCarley & Co., Inc., Asheville, N.C.

Kings Electronics Co., Inc. (9/19-23)
May 26 filed 200,000 shares of common stock (par 10 cents) and 100,000 common stock purchase warrants. The company proposes to offer these securities for public sale in units, each consisting of one share of common stock and one-half common stock purchase warrant. **Price**—$4 per unit. **Proceeds**—$165,000 will be applied to the repayment of certain loans, $75,000 for development and design work by a subsidiary in the field of infra-red instrumentation, $100,000 for continued research in the design, development and production of components for microwave instruments, and the balance for working capital. **Office**—40 Marbledale Road, Tuckahoe, N. Y. **Underwriters** — Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co., all of New York City.

★ Klondex Inc. (9/26-30)
Sept. 1, 1960 (letter of notification) 149,000 shares of class A stock (par one cent). **Price**—$2 per share. **Business**—Distributors of silver sensitized photo copy papers, chemicals and engineering photo reproduction materials. **Proceeds**—For general corporate purposes. **Office**—470 Clinton Ave., S., Rochester, N. Y. **Underwriter**—Schrijver & Co., New York, N. Y.

Kollmorgen Corp.
July 29, 1960 filed 80,330 shares of common stock (par $2.50) of which 35,000 shares are to be offered for the account of the issuing company and 45,330 shares, representing outstanding stock, are to be offered for the account of the present holder thereof. **Price**—To be supplied by amendment. **Business**—The company makes optical equipment, including submarine periscopes, torque motors, and other electro-mechanical and electronic equipment. **Proceeds**—To redeem all of the outstanding 7% cumulative preferred; for bank debt reduction; to repay outstanding first mortgage note; for machinery and equipment; to pay a promissory note; and for working capital. **Office** — 347 King St., Northampton, Mass. **Underwriter**—Putnam & Co., Hartford, Conn. (managing.) **Offering**—Expected in early October.

Lawndale Industries, Inc.
Aug. 15, 1960 filed 100,000 shares of class A stock. **Price** —$5 per share. **Business**—The manufacture of porcelain enameled steel plumbing fixtures. **Proceeds** — For the construction and equipping of a new plant, and the reduction of outstanding bank loans. **Office** — Haven & Russell Aves., Aurora, Ill. **Underwriter**—Paul C. Kimball & Co. of Chicago, Ill.

Leadville Water Co.
June 28, 1960 (letter of notification) $220,000 of 20-year 6% series A first mortgage coupon bonds to be offered in denominations of $1,000. **Price**—At par. **Proceeds**—For a mortgage payment, outstanding notes, construction of a new water supply and general corporate purposes. **Office**—719 Harrison Ave., Leadville, Colo. **Underwriter** —H. M. Payson & Co., Portland, Me.

Lee Electronics Inc.
June 14, 1960 (letter of notification) 135,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To expand operations. **Office**—3628 Rhawn St., Philadelphia, Pa. **Underwriter** — Atlantic Equities Co., Washington, D. C.

Lence Lanes, Inc. (9/26-30)
July 22, 1960 filed 175,000 shares of common stock (par $1). **Price**—$6 per share. **Business**—The company operates automatic bowling centers, associated ventures such as restaurants, bars, and luncheonettes, sells supplies, and rent lockers, shoes, and meeting rooms. **Proceeds**—To reduce indebtedness, complete Garfield Lanes in Jersey City, N. J., and for working capital. **Office**—4650 Broadway, New York City. **Underwriter**—Marron, Sloss & Co., Inc., New York City (managing).

Liberian Iron Ore Ltd.
May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $15,000,000 of 6¼% first lien collateral trust bonds, series A, due 1980, of Lio, $15,000,000 of 6¼% subordinated debentures due 1985 of Lio, an unspecified number of shares of Lio capital stock, to be offered in units. The units will consist of $500 of collateral trust bonds, $500 of debentures and 15 shares of capital stock. Price—For units, to be supplied by amendment, and not to be in excess of par. Proceeds—To make loans to Lamco. Office—97 Queen St., Charlottetown, Prince Edward Island, Canada, N. S **Underwriter**—White, Weld & Co., Inc., New York. **Note** — This offering has temporarily been postponed.

Lifetime Pools Equipment Corp. (9/30)
July 1, 1960, filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Engaged in the manufacture and selling of fiber glass swimming pools. **Proceeds**—$125,000 will be used to purchase machinery and equipment; $200,000 to purchase raw materials, parts and components; $40,000 for sales and advertising promotion; $30,000 for engineering and development; and the balance will be added to working capital. **Office**—Renovo, Pa. **Underwriter**—First Pennington Corp., Pittsburgh, Pa.

★ Lionel Corp.
Sept. 2, 1960 filed $4,500,000 of convertible subordinated debentures, due Oct. 1, 1980, to be offered for subscription to holders of the outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness, expand the research and development program, and add to working capital. **Office**—28 Sager Place, Irvington, N. J. **Underwriter**—Granbery, Marache & Co., New York City (Managing). **Offering**—Expected sometime in October.

Lithium Corp. of America, Inc.
Aug. 19, 1960 filed $2,300,000 of convertible subordinated debentures, due 1970. **Price**—To be supplied by amendment, but the new debentures will first be offered in exchange for $925,000 of outstanding 5% convertible debentures maturing in 1964. **Proceeds**—For construction, liquidation of bank debt, replacement of working capital, and the purchase of mining equipment. **Office**—500 Fifth Ave., New York City. **Underwriters** — Bear, Stearns & Co. and John H. Kaplan & Co., both of New York City (managing). **Offering**—Expected in early October.

Louisiana Gas Service Co.
June 10, 1960, filed 670,000 shares of common stock (par $10) to be issued by Louisiana Power & Light Co. to stockholders of Middle South Utilities, Inc., on the basis of one share of Louisiana Gas Service Co. common stock for each 25 shares of common stock of Middle South held (with an additional subscription privilege). **Price**—To be supplied by amendment. **Proceeds**—All to be paid to Louisiana Power & Light Co. **Underwriter**—None. **Offering**—Expected in late September.

• Lytton Financial Corp. (9/19-23)
July 26, 1960 filed 354,000 shares of capital stock, of which 187,500 shares are to be offered for the account of the issuing company and 166,500 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—$2,100,000 will be used to reduce indebtedness, and the balance will be used for working capital and general corporate purposes. **Office**—Hollywood, Calif. **Underwriters**—William R. Staats & Co., Los Angeles, Calif., and Shearson, Hammill & Co., New York City.

★ Metcom, Inc.
Sept. 2, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company makes microwave tubes and devices. **Proceeds**—For working capital, machinery and equipment, the retirement of a mortgage loan, and research and development. **Office** — 76 Lafayette Street, Salem, Mass. **Underwriter** — Hayden, Stone & Co., New York City. **Offering**—Expected sometime in October.

Metropolitan Development Corp.
June 8 filed 1,000,000 shares of capital stock. Price—To be supplied by amendment. Proceeds—To complete payments on the company's property, for repayment of loans, and the balance to be added to the general funds for construction purposes and acquisitions. Office—Los Angeles, Calif. Underwriters—William R. Staats & Co., of Los Angeles, Calif., and Bache & Co. and Shearson, Hammill & Co., both of New York City. Offering—Indefinitely postponed.

Miami Ventilated Awning Mfg. Co., Inc.
June 29, 1960 (letter of notification) 150,000 shares of class A common stock (par $1). **Price**—$2 per share. **Proceeds**—To retire loans, purchase new machinery, open a new office and for working capital. **Office**—1850 N. E. 144th St., North Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla.

• Milgo Electronic Corp. (9/26-30)
July 28, 1960 filed 65,000 shares of common stock (par $1), to be offered to the holders of the outstanding common on the basis of one new share for each six shares held. **Price**—To be supplied by amendment. **Business**—Making and selling electronic equipment and systems for missile and space programs. **Proceeds**—For reduction of short-term bank loans, $635,000; for expansion, $200,000; for product development, $125,000. The balance will be used as working capital. **Office**—7620 N. W. 36th Ave., Miami, Fla. **Underwriter** — Shearson, Hammill & Co., New York City.

Mintronics, Inc. (10/17)
Aug. 26, 1960 (letter of notification) 100,000 shares of class A common stock (par 20 cents). **Price**—$3 per share. **Business**—To manufacture a new type of micro-miniature magnetic relay. **Proceeds** — For general corporate purposes. **Office**—373 Broadway, New York, N. Y. **Underwriter**—David Barnes & Co., Inc., New York, N. Y.

Missouri Public Service Co. (9/20)
Aug. 1, 1960 filed 258,558 shares of common stock (par $1) to be offered to the holders of the outstanding common on the basis of one new share for each eight shares held. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term bank loans incurred in 1959-60 for construction expenses. **Office**—Kansas City, Mo. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing).

Model Finance Service, Inc.
May 26 filed 100,000 shares of second cumulative preferred stock—65c convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975. Price—To be supplied by amendment. Proceeds—To be added to the company's general working funds. Office—202 Dwight Building, Jackson, Mich. Underwriter—Paul C. Kimball & Co., Chicago, Ill.

Mohawk Insurance Co. (9/30)
Aug. 8, 1960, filed 75,000 shares of class A common stock. **Price**—$12 per share. **Proceeds**—For general funds. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co. Inc., 39 Broadway, New York 6, N. Y.

Nafi Corp.
Aug. 23, 1960 filed $7,500,000 of 20-year convertible subordinated debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To pay part of instalment to become due for the purchase of Chris-Craft stock. **Office**—527 23rd Ave., Oakland, Calif. **Underwriters**—Shields & Co. and Lehman Brothers, both of New York City (managing). **Offering**—Expected in late September.

• National Capital Corp. (9/19-23)
June 9, 1960, filed 240,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For reduction of indebtedness, working capital, and general corporate purposes. **Office** — 350 Lincoln Road, Miami Beach, Fla. **Underwriters**—J. A. Winston & Co., Inc., and Netherlands Securities Co., Inc., both of New York City.

National Consolidated Development Corp.
July 25, 1960 filed 70,000 shares of class B common (non-voting) stock. **Price**—$100 per share. **Business**—To acquire business properties, and operate, lease, or sell them for a profit. **Proceeds**—For general corporate purposes, with initial activities scheduled for Phoenix, Ariz. **Office**—South 1403 Grand Ave., Spokane, Wash. **Underwriter** — The stock will be offered through authorized and qualified brokers.

National Lawnservice Corp.
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y. **Offering**—Indefinite.

Natural Gas Pipeline Co. of America
July 1, 1960, filed $25,000,000 of first mortgage pipeline bonds, due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the payment of outstanding bank loans and the balance used for construction requirements. **Office** — 122 South Michigan Ave., Chicago, Ill. **Business**—Public utility. **Underwriters**—Dillon, Read & Co. Inc., and Halsey, Stuart & Co. Inc., both of New York. **Offering**—Postponed pending FPC approval for the company to acquire the Peoples Gulf Coast Natural Gas Pipeline Co.

Natural Gas Pipeline Co. of America
July 1, 1960, filed 150,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the payment of outstanding bank loans and the balance used for construction requirements. **Office** — 122 South Michigan Ave., Chicago, Ill. **Underwriter**—Dillon, Read & Co. Inc., New York. **Offering**—Postponed pending FPC approval for the company to acquire the Peoples Gulf Coast Natural Gas Pipeline Co.

• Navajo Freight Lines, Inc.
May 9, 1960, filed (with the ICC) 250,000 shares of common stock, of which 189,000 shares, being outstanding stock, will be offered for the account of the present holders thereof, and 61,000 shares will be offered for the account of the issuing company. **Price**—To be supplied by amendment. **Office**—1205 So. Plate River Drive, Denver 23, Colo. **Underwriters**—Hayden, Stone & Co. and Lowell, Murphy & Co. (jointly). **Offering** — Expected sometime in October.

★ New York Telephone Co. (9/28)
Sept. 2, 1960 filed $60,000,000 of refunding mortgage bonds, series L, due October, 1997. **Proceeds**—To retire short-term bank borrowings used to finance construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on Wednesday, Sept. 28 up to 11 a.m.

Nixon-Baldwin Chemicals, Inc.
Aug. 24, 1960 filed $4,000,000 of 6½% subordinated debentures, due Oct. 1, 1980, and 160,000 shares of common stock, to be offered in units. Each unit will consist of $500 principal amount of debentures and an unannounced number of common shares. **Price**—$500 per unit. **Business**—The manufacturing and sale of rigid thermoplastic sheeting, rods, tubes, and other forms. **Proceeds**—To pay part of the cost of acquiring certain assets of Nixon Nitration Works; part of the proceeds will be used for working capital. **Office**—Nixon, N. J. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York City (managing). **Offering**—Expected in late October.

★ Normandy Oil & Gas, Inc.
Aug. 31, 1960 filed 750,000 shares of common stock. **Price**—$1 per share. **Business**—Oil and gas exploration and production. **Proceeds** — For general corporate purposes. **Office**—620 Oil & Gas Bldg., Wichita Falls, Texas. **Underwriter**—None, but 102,500 of the shares are reserved for commissions to selling brokers at the rate of 15 shares for each 100 shares sold.

North American Mortgage & Development Corp.
Aug. 19, 1960 filed 412,500 shares of common stock. **Price**—$5 per share. **Business**—The company was organized in December 1959 for the purpose of acquiring ownership of acreage land to be developed for commercial and residential use. **Proceeds**—For general corporate purposes. **Office**—220 K Street, N. W., Washington, D. C. **Underwriter**—None.

North Washington Land Co.
May 3 filed $1,600,000 of first mortgage participation certificates. **Price**—The certificates will be offered at a discount of 17.18% from face value. **Proceeds**—For the primary purpose of refinancing existing loans. **Office**—1160 Rockville Pike, Rockville, Md. **Underwriter**—Investor Service Securities, Inc.

Nuclear Engineering Co., Inc.
April 18 (letter of notification) 30,000 shares of common stock (par 33.3 cents). **Price**—$10 per share. **Proceeds**—To replace bank financing, reduce accounts payable, purchase machinery and equipment and for working capital. **Office**—65 Ray St., Pleasanton, Calif. **Underwriter**—Pacific Investment Brokers, Inc., Seattle, Wash.

• Nucleonic Corp. of America (9/12-16)
July 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Developing and manufacturing nuclear detection instruments; equipment and accessories. **Proceeds**—For advertising and increased direct mail; moving to a modern one story plant and leasehold improvements; additional sales personnel and establishment of sales offices in Los Angeles, Boston, Washington and Chicago and for working capital. **Office**—196 DeGraw St., Brooklyn, N. Y. **Underwriters**—Bertner Bros. and Earl Edden Co., New York, N. Y.

Nupack Corp.
Aug. 12, 1960 (letter of notification) 93,574 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Address**—Reinbeck, Iowa. **Underwriter**—R. G. Dickinson & Co., Des Moines, Iowa.

Oil Recovery Corp. (10/4)
Aug. 4, 1960 filed $1,600,000 of convertible debentures, due Sept. 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—Approximately $700,000 will be used for the development of company-owned property, employing the "Orco Process" for recovering secondary oil, and the balance for general corporate purposes. **Office**—405 Lexington Ave., New York City. **Underwriter**—Lehman Brothers and Allen & Co. of New York City (managing).

Pacific Power & Light Co. (9/21)
July 27, 1960 filed $20,000,000 of 30-year first mortgage bonds. **Proceeds** — To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be used to partially finance the 1960-61 construction program, which is expected to total $61,000,000. **Office** — Portland, Ore. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Blyth & Co. and White, Weld & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received on Sept. 21 at 12 noon. **Information Meeting**—Scheduled for Sept. 19 at 3:30 p.m.

Pearson Corp.
March 30 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—$60,000 will be utilized to repay the company's indebtedness to Business Development Co. of Rhode Island; the balance will be added to working capital for general corporate purposes, principally to finance inventory and for other manufacturing costs. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York. **Offering**—Expected sometime in September.

Perfect Photo, Inc. (9/26-30)
Aug. 25, 1960 filed $4,500,000 of convertible subordinated debentures, due Oct. 1, 1980 and convertible into the issuer's common from July 1, 1961 through Oct. 1, 1980. **Price**—To be supplied by amendment. **Business**—Film processing and the distribution of photo equipment and supplies. **Proceeds**—In the amount of $3,600,000 (approximate), will be used to acquire substantially all of the stock of Consolidated Photographic Industries, Inc. **Office**—4747 N. Broad St., Philadelphia, Pa. **Underwriter**—Harriman Ripley & Co., Inc., of New York City (managing).

Philippine Oil Development Co., Inc.
March 30 filed 103,452,615 shares of capital stock, to be offered for subscription by stockholders at the rate of

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one new share for each 5½ shares held. **Price** — To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office** — Soriano Bldg., Manila, Philippines. **Underwriter**—None. **Offering**—Expected sometime in mid-September.

Photogrammetry, Inc.
Aug. 10, 1960 (letter of notification) 13,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—For retirement of a short term note and working capital. **Office** — 922 Burlington Ave., Silver Spring, Md. **Underwriter**—First Investment Planning Co., Washington, D. C.

● **Pik-Quik, Inc. (10/3-7)**
July 27, 1960 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The organization and operation of self-service markets in Florida under the names of "Pik-Quik" and "Tom Thum." There are now 31 such markets. **Proceeds**—Together with other funds, the proceeds will be used to purchase substantially all of the assets of Plymouth Rock Provision Co., Inc. **Office**—Baker Bldg., Minneapolis, Minn. **Underwriter**—A. C. Allyn & Co., Inc., New York City.

Pioneer Finance Co. (9/20)
Aug. 15, 1960 filed 125,000 shares of cumulative preferred stock ($20 par), with attached warrants for the purchase of 62,500 shares of common stock. **Price**—To be supplied by amendment. **Business**—The financing of new and used mobile homes, "shell housing," and small loans. **Proceeds**—For general corporate purposes. **Office**—1400 First National Bank Building, Detroit, Mich. **Underwriters**—White, Weld & Co. of New York City and Watling, Lerchen & Co. of Detroit, Mich.

Plastics & Fibers, Inc.
June 14 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Whitehead Avenue, South River, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York, N. Y. **Note**—The underwriter states that this offering will be delayed.

Polytronics Laboratories, Inc. (9/19-23)
Aug. 19, 1960, (letter of notification) 150,000 shares of class A stock (par 10 cents). **Price**—$1 per share. **Business**—The manufacture and sale of two way radios. **Proceeds**—For general corporate purposes; research and development and inventory investment to produce an amateur band transciever; research and development and inventory investment in a new product in the two-way radio field; to purchase new test equipment; for working caiptal and to pay the cost of acquiring expanded facilities. **Office**—253 Crooks Avenue, Clifton, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Portland Turf Association (9/19-23)
July 29, 1960 (letter of notification) $300,000 of 10% first mortgage registered bonds, due July 1, 1970. **Price**—At face amount. **Proceeds**—For purchase of a track, to retire bonds and for working capital. **Office**—2890 Bellevue, West Vancouver, B. C., Canada. **Underwriter**—General Investing Corp., New York, N. Y.

Preferred Risk Life Assurance Co.
Aug. 18, 1960 filed 300,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For general corporate purposes. **Office** — 20 East Mountain St., Fayetteville, Ark. **Underwriter**—Preferred Investments, Inc., a subsidiary of the issuer.

Premier Microwave Corp.
Aug. 26, 1960 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The company designs, develops, and produces microwave components. **Proceeds**—To reduce indebtedness and add to working capital. **Office** — 33 New Broad St., Portchester, N. Y. **Underwriter**—Van Alstyne, Noel & Co., New York City.

Progress Electronics Corp.
Aug. 3, 1960 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To develop and produce proprietary items in the electronics field. **Office**—1240 First Security Building, Salt Lake City, Utah. **Underwriter**—Jacoby, Daigle & Werner, Inc., Los Angeles, Calif.

Public Service Co. of Colorado (9/14)
Aug. 18, 1960 filed 150,000 shares of cumulative preferred stock (par $100). **Price** — To be supplied by amendment. **Proceeds** — For construction. **Office** — 900 Fifteenth St., Denver, Colo. **Underwriters**—First Boston Corp., Blyth & Co., Inc., and Smith, Barney & Co., all of New York City (managing).

Public Service Electric & Gas Co. (9/20)
Aug. 24, 1960 filed $50,000,000 in first and refunding mortgage bonds, dated Sept. 1, 1960, to mature Sept. 1, 1990. **Proceeds**—To pay all or part of company's short-term indebtedness incurred for construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly). **Bids**—Expected to be received on Sept. 20 up to 11 a.m., at 80 Park Place, Newark, N. J. **Information Meeting**—Scheduled for Sept. 15 at 2:30 p.m. at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

Puritan Sportswear Corp.
Aug. 24, 1960 filed 120,000 outstanding shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The firm makes and sells sportswear for men and boys. **Proceeds**—To selling stockholders. **Office**—813 25th St., Altoona, Pa. **Underwriter**—Hayden, Stone & Co., New York City (managing). **Offering**—Expected in late September or early October.

Puritron Corp. (9/30)
Aug. 3, 1960 filed 250,000 shares of common stock, of which 200,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of Joseph Stein, President, the present holder thereof. **Price**—To be supplied by amendment. **Business**—Makes and sells electronic air purifiers and range hoods. **Proceeds** — To retire indebtedness, with the balance for capital expenditures. **Office**—New Haven, Conn. **Underwriter** — Bache & Co., New York City (managing).

R. C. Can Co.
Aug. 25, 1960 filed 230,000 shares of common stock, of which 50,000 shares will be offered for the account of the issuing company and 180,000 shares, representing outstanding stock, will be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business** — The manufacture and sale of fibre-bodied cans and containers of various sizes. **Proceeds**—For general corporate purposes. **Office**—9430 Page Blvd., St. Louis, Mo. **Underwriter** — Reinholdt & Gardner, St. Louis, Mo. (managing).

● **Radio Shack Corp. (10/3-7)**
Aug. 16, 1960, filed 200,000 shares of common stock (par $1), of which 150,000 shares will be offered for the account of the issuer, and the remaining 50,000 shares by present holders thereof. **Price** — To be supplied by amendment. **Business**—Distributors of electronics products, sound components, and small appliances. **Office**—730 Commonwealth Avenue, Boston, Mass. **Underwriter**—Granbery, Marache & Co., New York City.

Rainier Co., Inc.
Aug. 1, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business**—Manufacturers of electronics parts and components, and precision machine parts for military and commercial aircraft. **Proceeds**—For general corporate purposes. **Office**—86 Magnolia Street, Westbury, L. I., N. Y. **Underwriter**—Richard Bruce & Co., New York, N. Y.

Rayson Craft Boat Co.
July 11, 1960, (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To purchase additional equipment, for sales, purchase of inventory and working capital. **Address** — Gardena, Calif. **Underwriter**—California Investors, Los Angeles, Calif.

● **Resiflex Laboratory, Inc. (9/19-23)**
July 18, 1960, filed 100,000 shares of common stock, of which 40,000 shares are to be offered for the account of the issuing company, and 60,000 shares, being outstanding stock, for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The manufacture and sale of disposable plastic tubular products, and the assembling and marketing of blood donor sets. **Proceeds** — For plant expansion, increased production facilities, and working capital. **Office**—864 South Robertson Blvd., Los Angeles, Calif. **Underwriter**—Blunt Ellis & Simmons, Chicago, Ill.

● **Resisto Chemical, Inc.**
Aug. 29, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—The firm makes and sells protective coatings for packaging and fabrics, and products used in insulation. **Proceeds**—For working capital ($235,358), with the balance for machinery, equipment, and general corporate purposes. **Office** — New Castle County Air Base, New Castle County, Del. **Underwriter**—Amos Treat & Co., Inc., New York City. **Offering**—Expected sometime in October.

Reva Enterprises, Inc. (9/19-23)
July 28, 1960 filed 200,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Business**—The establishment and operation of bowling centers. **Proceeds**—For general corporate purposes. **Office**—525 Lincoln St., Worcester, Mass. **Underwriters**—Blair & Co., Inc., New York City and Chace, Whiteside & Winslow Inc., Boston, Mass. (managing).

Riddle Airlines, Inc.
Aug. 19, 1960 filed $2,250,000 of 6% subordinated convertible debentures. **Price**—At 100% of principal amount. **Proceeds** — To be used as operating capital to fulfill M. A. T. S. contract, and to acquire aircraft. **Office**—International Airport, Miami, Fla. **Underwriter**—James H. Price & Co., Coral Gables, Fla., and New York City.

Rimak Electronics, Inc.
July 29, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To liquidate a promissory note. **Address** — North Hollywood, Calif. **Underwriter** — Holton, Henderson & Co., Los Angeles, Calif.

Riverview ASC, Inc.
July 29, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To reduce current liabilities, construction and for working capital. **Office**—2823 S. Washington Ave., Titusville, Fla. **Underwriter**—Mallory Securities, Inc., New York, N. Y. **Offering**—Expected in late September.

Rochester Telephone Co. (9/21)
July 21, 1960 filed $12,000,000 of series "E" first mortgage bonds, which will mature in 33 years, on Sept. 1, 1993. **Proceeds**—The proceeds of this sale will be used to repay bank loans for construction and extension of facilities in service by the date of the proposed sale. **Underwriter** — To be determined by competitive bidding. Probable bidders: First Boston Corp., and Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co., and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received on Sept. 21, 1960, up to 11:00 a.m. New York Time. **Information Meeting**—Scheduled for Sept. 19.

Rocky Mountain Natural Gas Co., Inc. (9/20-21)
July 15, 1960, filed $2,350,000 of sinking fund debentures, due 1980, and 235,000 shares of common stock (par $3) to be offered in units consisting of a $50 debenture and an unannounced number of common shares. **Price**—To be supplied by amendment. **Proceeds**—For construction expenditures and the reduction of indebtedness. **Office**—1726 Champa St., Denver, Colo. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc. (managing).

● **Roliton Corp.**
June 28, 1960, (letter of notification) 175,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For training, advertising, salaries and fees, travel expenses and working capital. **Office** — 1600 Ogden Street, Denver, Colo. **Underwriter**—Copley & Co., Colorado Springs, Colo., is withdrawing as underwriter, and the letter is also expected to be withdrawn.

Roller Derby TV, Inc.
March 30 filed 277,000 shares of common stock, of which 117,000 shares are to be offered for public sale by the issuing company, and the remaining 145,000 shares will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes relating to the production and sales of motion picture films of the Roller Derby, and the balance for working capital. **Office**—4435 Woodley Ave., Encino, Calif. **Underwriter**—To be supplied by amendment.

● **Rollins Broadcasting Inc. (9/12-16)**
July 22, 1960 filed 110,000 shares of common stock (par $1), of which 75,000 shares will be sold for the account of the issuing company and 35,000 shares, representing outstanding stock, will be sold for the account of John W. Rollins, selling stockholder, who is a director. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Wilmington, Del. **Underwriter**—F. Eberstadt & Co., New York City.

● **Rotating Components, Inc.**
July 8, 1960 (letter of notification), 100,000 shares of common stock (par 1¢). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—267 Green St., Brooklyn 2, N. Y. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y. **Offering**—Imminent.

● **Roto-American Corp. (9/13-15)**
May 27 filed 75,000 shares of common stock (par $1) to be offered for cash sale to the public, and 44,283 shares to be issued in exchange for common and preferred shares of four subsidiaries. **Price**—To be supplied by amendment. **Proceeds**—To be used largely for reduction of accounts payable, as well as for new tooling, research, repayment of an officer's loan, and general corporate purposes. **Office**—93 Worth Street, New York. **Underwriter**—Morris Cohon & Co., New York.

★ **Roulette Records, Inc.**
Aug. 29, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price** — $3 per share. **Proceeds**—For general corporate purposes. **Office**—659 Tenth Avenue, New York, N. Y. **Underwriter**—None.

● **Russell Stover Candies, Inc. (9/26-30)**
Aug. 3, 1960 filed 200,000 shares of common stock (par $1), of which up to 75,000 shares may be reserved for certain of the issuer's officers and employees, with the balance to be offered publicly. **Price**—To be supplied by amendment. **Proceeds** — For redemption of outstanding preferred, with the balance for working capital. **Office**—1206 Main St., Kansas City, Mo. **Underwriters**—Harriman Ripley & Co., Inc., New York City, and Stern Brothers, Kansas City, Mo.

Sachar Properties, Inc. (9/12-16)
July 6, 1960, filed $300,000 of 8% subordinated instalment convertible debentures due 1970, 150,000 shares of common stock (par 10 cents) and 30,000 common stock purchase warrants. It is proposed to offer these securities in units, each unit is to consist of $100 principal amount of debentures, 50 common shares, and 10 warrants exercisable at $2 per share until 1965. **Price**—$200 per unit. **Proceeds**—$200,000 to purchase the Second Ave. and E. 82nd St. properties; $51,000 to purchase the New Rochelle property; and the balance for working capital. **Business**—The company intends principally to deal in and with unimproved real property, to sell parcels as building sites, to subdivide and improve parcels and sell same as building sites, and to obtain or prepare building plans and financing arrangements in respect thereof. **Office**—598 Madison Ave., New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

● **Safticraft Corp., Patterson, La. (9/9)**
April 29 filed 275,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—The company proposes to use $50,000 to expand its efforts in the sale of Safticraft boats nationally; $250,000 for reduction of short-term borrowings; and the remaining $293,500 to be advanced to du Pont, Inc. as additional working capital necessary in the financing of increased inventories and receivables incident to the increased sales volume of Dupont. **Underwriter** — George, O'Neill & Co., Inc., New York.

San Diego Gas & Electric Co. (10/4)
Aug. 30, 1960 filed $30,000,000 of bonds, series H, due 1990. **Proceeds**—For the repayment of bank loans and for construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp., Eastman Dillon, Union Securities & Co., and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly). **Bids**—Expected to be received on Oct. 4.

Saucon Development Corp.
April 28 (letter of notification) an undetermined number of shares of common stock (par $1) not to exceed $300,000. **Price**—To be supplied by amendment. **Proceeds**—For mining expenses. **Office** — c/o Wallace F. McQuade, Pres., 246 Beaconsfield Blvd., Beaconsfield, Quebec, Canada. **Underwriter**—To be named.

★ **Sawtooth Development Co., Inc.**
Aug. 24, 1960 filed 10,000 shares of common stock. **Price**—At par ($50 per share). **Proceeds**—For working capital. **Address**—Hailey, Idaho. **Underwriter**—None.

Scantlin Electronics, Inc.
Aug. 29, 1960 filed 275,000 shares of no par common stock, of which 175,000 shares are to be offered for the account of the issuing company, 75,000 shares for the account of selling stockholders, and 25,000 shares may be optioned by the underwriters. **Price**—To be supplied by amendment. **Business** — The company makes, sells, and leases proprietary electronic devices. **Proceeds**—For general corporate purposes, including the reduction of indebtedness. **Office** — 2215 Colby Ave., Los Angeles, Calif. **Underwriters**—Carl M. Loeb, Rhoades & Co. and Paine, Webber, Jackson & Curtis, both of New York City (managing). **Offering** — Expected sometime in October.

● **Sealed Air Corp. (9/12-16)**
July 15, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office** — 330 Wagaraw Rd., Hawthorne, N. J. **Underwriters**—Bertner Bros. and Earl Edden Co., New York, N. Y.

Seven Mountain Corp.
Aug. 12, 1960 filed 3,500,000 shares of common stock. **Price**—$1 per share. **Business**—To construct an all-year resort area and a gondola-type aerial cableway, southeast of Provo, Utah, in the Wasatch Mountains. **Proceeds**—For the purchase of property, construction and equipment, retirement of notes, and the balance for working capital. **Office**—240 East Center St., Provo, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

● **Softol, Inc. (9/12-16)**
June 17, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 992 Springfield Ave., Irvington, N. J. **Business**—The company manufactures cosmetics and toiletry items. **Underwriter**—Harwyn Securities, Inc., 1457 Broadway, New York 36, N. Y.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. Price—To be supplied by amendment. Proceeds—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. Office—250 South East First Street, Miami, Fla. Underwriter—Bear, Stearns & Co., New York. Offering—Indefinite

Southern Nevada Power Co. (10/4)
Aug. 26, 1960 filed $5,000,000 of first mortgage bonds, series E, due 1990 and $2,000,000 of $20 par preferred stock (100,000 shares). **Proceeds**—For construction and repayment of bank loans. **Address**—P. O. Box 230, Las Vegas, Nev. **Underwriter**—White, Weld & Co., of New York City (managing).

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas. **Underwriter** — Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

Spier Electronics, Inc.
Aug. 24, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business** — Manufacturers of electronic products. **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—1949-51 McDonald Ave., Brooklyn, N. Y. **Underwriter**—D'Amico & Co., Inc., 15 William St., New York, N. Y. **Offering**—Expected in late September.

Spray-Bilt, Inc. (9/12-14)
July 25 filed (in the Atlanta SEC office) 100,000 shares of common stock (par 10c). **Price**—$2.50 per share. **Proceeds**—To increase inventory of "fiberglaspray" equipment, establish seven additional regional sales offices, and add to working capital. **Office** — 3605 East Tenth Court, Hialeah, Fla. **Underwriters**—J. I. Magaril Co., 37 Wall St., New York City and Sandkuhl & Company, Inc., of New York City and Newark, N. J.

★ **Springfield Downtown Parking, Inc.**
Aug. 29, 1960 (letter of notification) 28,160 shares of common stock (par $10). **Price**—$12.50 per share. **Proceeds** — To acquire additional shares of Adams Street Parking Corp., a promissory note or notes of Adams, and to retire some outstanding long term mortgage indebtedness of Springfield. **Address** — Springfield, Ill. **Underwriter**—None.

Standard Instrument Corp.
Aug. 26, 1960 (letter of notification) 50,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment. **Business**—Manufacturers of electrical devices. **Proceeds**—For general corporate purposes. **Office**—657 Broadway, New York 21, N. Y. **Underwriter** — Havener Securities Corp., New York, N. Y.

★ **Stephan Co.**
Sept. 2, 1960 filed 180,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Business**—The manufacture and sale of men's hair lotions, shampoos, after shave preparations, and toilet waters. **Proceeds**—$250,000 for advertising and sales promotion, primarily for new products with the balance for general corporate purposes. **Office**—Professional Bldg., Ft. Lauderdale, Fla. **Underwriter**—D. Gleich & Co., New York City. **Offering**—Expected sometime in October.

Still-Man Manufacturing Corp.
Aug. 22, 1960 filed 150,000 outstanding shares of class A stock (par 75 cents). **Price**—To be supplied by amendment. **Business** — The company makes heating elements for small appliances and components for major appliances, and related items. **Proceeds**—To selling stockholders. **Office**—429-33 East 164 St., New York City. **Underwriter**—Francis I. duPont & Co., New York City. **Offering**—Expected in late September or early October.

Storm Mountain Ski Corp.
June 30, 1960, filed $500,000 of 8% subordinated debentures due 1975 and 100,000 shares of common stock, to be offered for public sale in units consisting of a $50 debenture and 10 shares of stock. **Price**—$75 per unit. **Proceeds** — To pursue the development of the resort. **Office** — Steamboat Springs, Colo. **Business** — Company was organized for the purpose of developing and operating a ski and summer resort on Storm Mountain on the Continental Divide, about 2 miles from Steamboat Springs. **Underwriter**—None.

● **Strolee of California Inc. (9/12-16)**
July 19, 1960, filed 150,000 shares of outstanding common stock. **Price**—$5 per share. **Business**—The manufacture of strollers, high chairs and other similar types of juvenile items. **Proceeds**—To selling stockholders. **Office**—Los Angeles, Calif. **Underwriters**—Federman, Stonehill & Co. of New York City; Mitchum, Jones & Templeton of Los Angeles, Calif., and Schweickart & Co., of New York City.

Summers Gyroscope Co.
Aug. 29, 1960 filed 6,403,215 shares of common stock, of which 5,702,878 shares are to be offered by Atlas Corp. to the holders of its outstanding common on the basis of one Summers share for each two Atlas shares held, and 700,337 shares to be offered by Mertronics Corp. to its stockholders on a share-for-share basis. **Price**—75 cents per share. **Purpose**—The purpose of the offering is to effect a divestiture by Atlas and Mertronics of their 71.1% interest in Summers in order to dispose of matters pending before the CAB. **Office**—2500 Broadway Ave., Santa Monica, Calif. **Underwriter**—None. **Offering**—Expected sometime in October.

● **Sunbury Milk Products Co. (9/12-14)**
June 20, 1960 (letter of notification) 20,000 shares of common stock (par $5). **Price**—$15 per share. **Proceeds**—To liquidate short-term bank loans and for working capital. **Office**—178 Lenker Ave., Sunbury, Pa. **Underwriter**—Hecker & Co., Philadelphia, Pa.

Sunset House Distributing Corp.
Aug. 22, 1960 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company is in the retail mail order business selling general merchandise throughout the country. **Proceeds** — To Leonard P. Carlson, the issuer's president, selling stockholder. **Office**—3650 Holdredge Ave., Los Angeles, Calif. **Underwriter** — Crowell, Weedon & Co., Los Angeles, Calif.

Syntex Corp.
Aug. 8, 1960, filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company is chiefly engaged in the research, development, production, and sale of steroid hormone products. **Proceeds** — For working capital. **Office** — Arcia Building, Justo Arosemena Avenue, Panama, Republic of Panama. **Underwriter**—Allen & Co., New York City. **Offering**—Expected in late September.

Techni Electronics, Inc. (9/15)
Aug. 10, 1960 (letter of notification) 112,500 shares of common stock (par 10c). **Price**—$2 per share. **Business**—The firm makes health and massage equipment, electric housewares, and medical electronic equipment. **Proceeds**—For expansion, working capital, and research and development expenditures. **Office**—71 Crawford St., Newark, N. J. **Underwriter** — United Planning Corp., 1180 Raymond Blvd., Newark, N. J.

● **Technical Materiel Corp. (10/3)**
Aug. 25, 1960 filed 120,000 shares of common stock (50 cents par), of which 50,000 shares are to be offered for the account of the issuing company and 70,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The company makes and sells hi-fi radio components and systems. **Proceeds**—The proceeds, estimated at $750,000, will be used for construction of a new plant, probably in Westchester County, N. Y., with the balance for working capital. **Office**—700 Fenimore Road, Mamaroneck, N. Y. **Underwriter** — Kidder, Peabody & Co., Inc., New York City (managing).

Technical Measurement Corp.
July 29, 1960 filed 120,000 shares of common stock (par 20 cents). **Price** — $5 per share. **Business** — Makes, and sells electronic equipment, principally multi-channel digital computers. **Proceeds** — For debt reduction, research and development, engineering equipment and fixtures, and working capital. **Office**—441 Washington Ave., North Haven, Conn. **Underwriter**—Pistell, Crow, Inc., New York City.

Tech-Ohm Electronics, Inc.
June 29, 1960, (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—36-11 33rd Street, Long Island City, N. Y. **Underwriter** — Edward Lewis Co., Inc., New York, N. Y. **Offering**—Expected in mid-to-late September.

Telecolor
July 25, 1960 (letter of notification) 150,000 shares of common capital stock (par 25 cents) of which 100,000 shares are to be offered by officers. **Price**—$2 per share. **Proceeds**—To lease equipment and for working capital. **Office** — 7922 Melrose Ave., Hollywood, Calif. **Underwriter**—Raymond Moore & Co.. Los Angeles, Calif.

● **Telephone & Electronics Corp. (9/19)**
Aug. 18, 1960 (letter of notification) 52,980 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Business**—Electronic communications equipment and automatic, loud-speaking telephone. **Office**—7 East 42nd St., New York 17, N. Y. **Underwriter**—Equity Securities Co., New York, N. Y.

Tele-Tronics Co. (9/26-30)
Aug. 10, 1960 (letter of notification) 100,000 shares of common stock (par 40 cents). **Price**—$3 per share. **Proceeds**—For plant expansion, additional machinery, acquisition of new facilities and working capital. **Office**—180 S. Main St., Ambler, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa.

Temperature Engineering Corp.
Aug. 10, 1960 filed 135,000 shares of common stock (par 25 cents). **Price**—$3.50 per share. **Business**—The manufacture and sale of equipment to create precisely controlled conditions of temperature, humidity, pressure and cleanliness in research, production and quality control. **Proceeds**—The erection of new manufacturing facilities, research and equipment, and the balance for working capital. **Office**—U. S. Highway 130, Riverton, N. J. **Underwriters**—M. L. Lee & Co., Inc., Milton D. Blauner & Co., Inc. and F. L. Salomon & Co., all of New York City. **Offering**—Late September or early October.

Tenax, Inc.
Aug. 16, 1960, filed $1,500,000 of 10-year 6% convertible subordinated debentures, due 1970. **Price** — 100% of principal amount. **Business**—The sale, stocking and financing of freezers. **Proceeds**—Repayment of short-term indebtedness and working capital. **Office**—575 Lexington Avenue, New York City. **Underwriter** — Myron A. Lomasney & Co., New York City. **Offering**—Expected in late September.

Terafilm Corp. (9/12-16)
Aug. 22, 1960 (letter of notification) $200,000 of 5 year 6% registered subordinated notes and 20,000 shares of common stock (par 10 cents) to be offered in units of $2,000 notes and 200 shares of common stock. Price—$3,000 per unit. **Proceeds**—For machinery, equipment, inventory and working capital. **Office** — Canal & Ludlow Sts., Stamford, Conn. **Underwriter** — Burnham & Co., New York, N. Y.

Terminal Electronics Inc. (9/12-16)
June 24, 1960, filed 166,668 shares of capital stock (par 25 cents), of which 83,334 shares are to be offered for public sale for the account of the issuing company and the balance for the account of William Filler, President. Price—$6 per share. Proceeds—$190,000 is to be used to pay the remaining balance of its obligation incurred in connection with the purchase of Terminal stock from the Estate of Frank Miller; $100,000 to repay a bank loan; and the balance for general corporate purposes, including the obtaining and equipping of an additional retail outlet. Business—Wholesale and retail distribution of retail electronics parts and components. Office—236-246 17th Street, New York. Underwriters—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., both of New York. Note—Name is to be changed to Terminal-Hudson Electronics, Inc. upon effectiveness of a merger with Hudson Radio & TV Corp., which will take place if and when all of the shares offered hereby are sold.

Three-L-Corp.
March 24 filed 3,500,000 shares of common stock. Price—$1 per share. Proceeds—$46,098 will be applied to the acquisition of 493 acreas of land in Fairfield Township, Hyde County, and $15,000 for payment of the July instalment on acquisition of about 12,726 acres in Hyde County; $500,000 for purchase and installation of machinery, equipment and saw mill and $75,000 for working capital in connection with lumber operations; $65,000 for January 1961 instalment payment on the 12,726 acres; and the balance to purchase livestock, planting feed and pasture, raising livestock, and additional working capital. Office—Fairfield, N. C. Underwriter—Participating dealers will receive 15 cents per share. Note—The statement was withdrawn on Sept. 2.

Timely Clothes, Inc.
July 25, 1960 filed $840,000 of convertible subordinated debentures, due 1980, to be offered to the holders of the outstanding common on the basis of $100 principal amount of debentures for each 16⅔ shares of common held. The record date and interest rate will be supplied by amendment. Business — The firm makes and sells men's clothes, and operates, through two subsidiaries, 10 retail stores. Proceeds—To reduce indebtedness, with the balance for working capital. Office — 1415 Clinton Ave. North, Rochester, N. Y. Underwriter—Cartwright & Parmelee, New York City (managing). Offering—Expected in mid-to-late September.

Topic Electronics, Inc.
Aug. 17, 1960 (letter of notification) 85,000 shares of common stock (no par). **Price**—$3.40 per share. **Proceeds**

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—To pay promissory notes, general obligations and for working capital. **Office**—8 Mercer Road, Natick, Mass. **Underwriter**—DuPont, Homsey & Co., Boston, Mass.

Trav-ler Radio Corp. (9/26-30)
Aug. 5, 1960 filed $2,200,000 of 6½% sinking fund debentures, due 1975, with 15-year common stock purchase warrants, two such warrants (for the purchase of an aggregate of 50 shares) to be issued with each $1,000 of debentures. **Price**—100% of principal amount of debentures. **Business**—The company makes radios, TV sets, tape recorders, and various types of high fidelity and stereophonic combinations. **Proceeds** — $922,500 will be used to redeem the outstanding $900,000 principal amount of 12-year 6% sinking fund debentures due 1967, with the balance for general corporate purposes. **Office**—571 West Jackson Blvd., Chicago, Ill. **Underwriters** — Lee Higginson Corp., New York City, and Straus, Blosser & McDowell, Chicago (managing).

Triangle Business Machine, Inc.
Aug. 25, 1960 (letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase machinery and equipment and for working capital. **Office**—334 Venice Blvd., Los Angeles 15, Calif. **Underwriter** — Holton, Henderson & Co., Los Angeles, Calif.

● **Triangle Lumber Corp. (9/19-23)**
July 28, 1960 filed 140,000 shares of common stock (par $1), of which 118,000 shares are to be publicly offered by the company and the remaining 22,000 shares are to be offered to the company's officers and employees. **Prices**—For the 118,000 shares, $8 per share; for the 22,000 shares,, $7.20 per share. **Businesss** — The buying, warehousing, milling, and distribution of lumber, plywood, and millwork for use in residential and industrial construction. **Proceeds** — For general funds to provide additional working capital, and may be used in part to retire short-term indebtedness. **Office**—45 North Station Plaza, Great Neck, L. I., N. Y. **Underwriter**—Bear, Stearns & Co., New York City (managing).

Trout Mining Co.
Aug. 22, 1960 filed 296,579 shares of no par common stock (with warrants), to be offered to holders of the outstanding common on the basis of four new shares for each five shares held. **Price**—$1 per share. **Business**—The company is engaged in the mining of silver, lead, zinc, and manganese dioxide. **Proceeds**—For working capital, to repay a bank loan, and for exploration and development of ore bodies. **Office**—233 Broadway, New York City. **Underwriter**—None. **Offering**—Expected in mid-October.

Union Electric Co. (9/22)
Aug. 12, 1960 filed $50,000,000 of 30-year first mortgage bonds, due 1990. **Proceeds** — To meet construction expenses and retire short-term loans. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp. and White, Weld & Co. (jointly); Lehman Brothers, Blyth & Co. (handling the books), Eastman Dillon, Union Securities & Co. and Bear, Stearns & Co. (jointly). **Bids**—Expected to be received on Sept. 22 up to 11 a.m. (EDT). **Information Meeting**—Sept. 20 at 3:00 p.m. at the Bankers Trust Co.

Union Texas Natural Gas Corp.
July 8, 1960, filed 150,248 shares of outstanding class A stock (par $1), and 75,124 shares of outstanding class B stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 811 Rusk Ave., Houston, Texas. **Underwriters** — Carl M. Loeb, Rhoades & Co., Merrill Lynch, Pierce, Fenner & Smith Inc., and Smith, Barney & Co., Inc., all of New York City. **Offering**—Expected in mid-to-late September.

United ElectroDynamics, Inc.
Aug. 22, 1960 filed 169,500 shares of common stock, of which 156,000 shares are to be offered for the account of the issuing company and 13,500 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The company is engaged primarily in the development and manufacture of electronic measurement instruments, and in nuclear detection work relating to the earth sciences. **Proceeds** — To liquidate $800,000 of bank indebtedness, with the balance for general funds. **Office**—200 Allendale Road, Pasadena, Calif. **Underwriter** — William R. Staats & Co., Los Angeles, Calif. (managing).

United Pacific Aluminum Corp.
Aug. 24, 1960 filed $7,750,000 of convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, the proceeds will be used to pay for the erection of a primary aluminum reduction facility. **Office** — Los Angeles, Calif. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. (managing).

United States Boat Corp.
March 28 filed 350,000 shares of common stock to be publicly offered. **Price**—$2 per share. **Proceeds**—$221,826 will be applied to the repayment of loans to United States Pool Corp. which were used for general corporate purposes, and the balance will be utilized for working capital, including a later repayment of $45,000 to U. S Pool Corp. **Office** — 27 Haynes Avenue, Newark, N. J **Underwriter** — Richard Bruce & Co., Inc., New York. **Note**—This offering has been postponed.

Urban Development Corp.
Aug. 30, 1960 filed 300,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including debt reduction. **Office**—Memphis, Tenn. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

Utah Gas Service Co.
Aug. 25, 1960 filed $800,000 of 6% first mortgage sinking fund bonds, due Oct. 1, 1975, of which $300,000 will be used for debentures refunding and $500,000 are to be publicly offered. **Price**—At par. **Proceeds**—$440,000 will be used to retire certain outstanding indebtedness. **Office** —511-12 Desert Bldg., Salt Lake City, Utah. **Underwriter** —The First Trust Co. of Lincoln, Nebr.

Utah Power & Light Co. (9/14)
July 29, 1960 filed $16 million of first mortgage bonds, due 1990, and $10 million (400,000 shares) of $25 par cumulative preferred stock, series A. **Proceeds**—For construction purposes and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co. **Bids**—Expected to be received on Sept. 14, at 11:30 a.m. for the bonds, and 12:30 p.m. for the preferred. **Information Meeting**—Scheduled for Sept. 12 at 2 Rector St., New York City at 2:00 p.m.

● **Valdale Co., Inc. (9/20)**
July 27, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To pay accounts payable, reduce a bank loan, advertising and for working capital. **Office**—Red Lion, Pa. **Underwriters**—B. N. Rubin & Co. and H. S. Simmons & Co. both of New York City.

★ **Valley Dale Investment Co.**
Aug. 29, 1960 (letter of notification) $50,000 of 8% debentures due 1966. **Price**—At face value. **Proceeds**—For working capital. **Address**—Toccoa, Ga. **Underwriter**—None.

● **Vendo Co.**
July 29, 1960 filed $5,250,000 of 4½% convertible subordinated debentures, due 1980, being offered to holders of the outstanding common on the basis of $100 principal amount of debentures for each 50 shares held of record Sept. 7 with rights to expire on Sept. 21. **Proceeds** —For working capital; all or part of the proceeds may be applied to the reduction of short-term bank borrowings, which amounted to $8,500,000 on June 30. **Office**—7400 E. 12th St., Kansas City, Mo. **Underwriter** — Kidder, Peabody & Co. (managing).

● **Venture Capital Corp. of America (9/15)**
June 29, 1960, filed 275,000 shares of common stock (par $1). **Price** — $7.50 per share. **Proceeds** — To be used to fulfill the $300,000 minimum capital requirements of the Small Business Investment Act. **Business**—A closed-end non-diversified management investment company. **Office**—375 Park Ave., New York. **Underwriters**—Filor, Bullard & Smyth, Hardy & Co., Sprayregen, Haft & Co. and Bregman, Cummings & Co., all of New York.

★ **Virginia Capital Corp.**
Aug. 31, 1960 filed 60,000 shares of common stock. **Price** —To be supplied by amendment. **Business**—The company is licensed by the Small Business Administration to operate throughout Virginia under the Small Business Investment Act of 1958. **Proceeds**—To furnish capital, long-term loans, and consulting and advisory services to selected small business concerns. **Office** — 907 State-Planters Bank Bldg., Richmond, Va. **Underwriter** —J. C. Wheat & Co., Richmond, Va. (managing).

Virginia Electric & Power Co. (9/13)
Aug. 12, 1960, filed $25,000,000 of first and refunding mortgage bonds, series P, due 1990. **Proceeds**—For construction. **Office**—700 E. Franklin Street, Richmond, Va. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids** — Expected to be received on Sept. 13 at 11:00 a.m. (EDT). **Information Meeting**—Scheduled for Sept. 8 at 11 a.m. N. Y. Time, at The Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

● **Vitramon, Inc. (9/12-16)**
July 27, 1960 filed 103,512 shares of common stock (par 10 cents), of which 25,650 shares are to be offered for the account of the issuing company and 77,862 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business** — The manufacture and sale of dielectric capacitors. **Proceeds** — $25,000 to redeem outstanding preferred stock; $112,500 to prepay the balance on mortgage notes; and the balance for working capital. **Office**—Bridgeport, Conn. **Underwriter** —G. H. Walker & Co., New York City.

★ **Welded Tube Co. of America**
Aug. 31, 1960 filed 140,000 shares of class A common stock (par $1). **Price**—$6 per share. **Business**—The manufacture and sale of electrical resistance steel tubing. **Proceeds** — $100,000 will be applied to reduction of a $600,000 revolving bank credit, $200,000 for new equipment and machinery, and the balance for general corporate purposes, including working capital. **Office**—2001 S. Water St., Philadelphia, Pa. **Underwriter**—H. Hentz & Co., New York City (managing). **Offering**—Expected in late October.

● **Wallace Press, Inc. (9/12)**
Aug. 3, 1960 filed 184,435 shares of common stock (par $10). **Price**—To be supplied by amendment. **Business**—Commercial printing and the production of business forms, catalogs, and technical manuals. **Proceeds** — To selling stockholders. **Office**—Chicago, Ill. **Underwriters**—Shearson, Hammill & Co., New York City, and Wm. H. Tegtmeyer & Co., Chicago, Ill. (managing).

Wenwood Organizations Inc.
June 17, 1960 filed $550,000 of 7½% subordinated sinking fund debentures due August, 1970 (with common stock purchase warrants). **Price**—100% of principal amount. **Proceeds**—$100,000 will be used for payment of a bank loan incurred to help finance the disposal plant and an estimated additional $50,000 to complete the plant; $109,000 to retire 10% debentures issued in payment of certain obligations of the company for services rendered; $25,000 for a sales program in connection with the Florida homes; and the balance for working capital to finance the continued development of the residential community in Sarasota and the construction of homes in West Palm Beach, and the development of a shopping center in Selden, L. I. **Office**—526 North Washington Blvd., Sarasota, Fla. **Underwriter**—Michael G. Kletz & Co., Inc., New York. **Offering**—Expected sometime in September.

West Coast Telephone Co.
Aug. 22, 1960 filed 125,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office** — 1714 California St., Everett, Wash. **Underwriter**—Blyth & Co., New York City (managing). **Offering**—Expected in late September.

Western Factors, Inc.
June 29, 1960, filed 700,000 shares of common stock. **Price** —$1.50 per share. **Proceeds**—To be used principally for the purchase of additional accounts receivable and also may be used to liquidate current and long-term liabilities. **Office** — 1201 Continental Bank Bldg., Salt Lake City, Utah. **Business**—Factoring. **Underwriter**—Elmer K. Aagaard, Newhouse Bldg., Salt Lake City, Utah.

● **Whitmoyer Laboratories, Inc. (9/12)**
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

● **Willer Color Television System, Inc. (9/19-23)**
Jan. 29 (letter of notification) 80,890 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 39 Broadway, New York City.

Williamsburg Greetings Corp.
Aug. 26, 1960 filed 180,000 shares of common stock (par 25 cents). **Price** — $6 per share. **Business**—The company and its subsidiaries are engaged chiefly in the dseign, production, and sale of greeting cards. **Proceeds** —About $400,000 will be applied to the reduction of factoring advances, with the balance to be added to working capital. **Office**—3280 Broadway, New York City. **Underwriters** — Standard Securities Corp., New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa., and Amos Treat & Co., Inc., New York City.

WonderBowl, Inc.
April 14 filed 3,401,351 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office** —7805 Sunset Boulevard, Los Angeles, Calif. **Underwriter**—Standard Securities Corp., same address.

★ **Youngstown Sheet & Tube Co.**
Sept. 7, 1960 filed $60,000,000 of first mortgage sinking fund bonds, series H, due 1990. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and to replenish working capital. **Office** — 7655 Market St., Youngstown 1, Ohio. **Underwriters**—Kuhn, Loeb & Co. and Smith, Barney & Co., both of New York City (managing). **Offering**—Expected in early October.

● **Yuscaran Mining Co.**
May 6 filed 1,000,000 shares of common stock. **Price**— $1 per share. **Proceeds**—It is expected that some $100,000 will be used to purchase and install a mill for the processing of ore; $60,000 for rails, ties, rail cars and related equipment; $10,000 for rebuilding roads; $30,000 for transportation equipment; and $655,000 for working capital. **Office**—6815 Tordera St., Coral Gables, Fla. **Underwriter**—None. **Note**—The SEC has challenged the accuracy and adequacy of this statement. A hearing was scheduled for Aug. 29 at the request of the company counsel and the results have not as yet been announced.

Prospective Offerings

Alexander's Department Stores, Inc.
July 6 it was reported that this Bronx (N. Y.)-based retail chain is contemplating an issue of common stock. No confirmation was available.

American Telephone & Telegraph Co. (10/25)
July 20, 1960, the directors authorized a new debenture bond issue of $250,000,000. **Proceeds** — For improvement and expansion of Bell Telephone services. **Office**—195

Broadway, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Morgan Stanley & Co., and The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly). **Bids** — Expected to be received on Oct. 25. **Information Meeting**—Scheduled for Oct. 20 at 2:30 p.m., 195 Broadway, New York City.

★ Amphenol-Borg Electronics Corp.
Sept. 7, 1960 M. L. Devine, President, announced that part of the company's $4,175,000 building program would be financed through the sale of debt securities. **Office**—Broadview, Ill.

Arkansas Power & Light Co.
June 20, 1960, it was announced that this subsidiary of Middle South Utilities, Inc. might issue $15,000,000 of first mortgage bonds sometime in December. **Underwriter**—To be determined by competitive bidding. **Probable bidders:** Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Blyth & Co. and Dean Witter & Co. (jointly); Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.

Automation For Industry, Inc.
Aug. 3, 1960 it was reported that a letter of notification is planned for later this year. **Proceeds**—For further development of the "Skyjector." **Office**—342 Madison Ave., New York City.

Bekins Van & Storage Co.
July 6 it was reported that this company is contemplating a common stock issue. **Office** — 1335 So. Figuroa Street, Los Angeles 15, Calif.

Bobbie Brooks, Inc.
July 25, 1960 the company stated in its annual report that about $200,000 is expected to be raised by long term financing, to be applied to the $385,000 cost of acquiring real estate adjacent to its Cleveland 14, Ohio, headquarters.

Brooklyn Union Gas Co.
May 10 it was announced that the company plans no more financing this year, but there would be some in 1961, although the form it is to take has not as yet been determined.

Carolina Metal Products Co.
Aug. 23, 1960, it was reported that registration is expected in September of the company's first public offering, consisting of 100,000 shares of common stock. **Price** — $5 per share. **Business** — The company is a primary manufacturer of aluminum siding. **Proceeds**—For new machinery, with the balance to working capital. **Office** — 2 Gateway Center, Pittsburgh, Pa. **Underwriter** — Arnold, Wilkins & Co., 50 Broadway, New York City.

Casavan Industries
Aug. 29, 1960 it was reported by Mr. Casavena, President, that registration is imminent of about $5,000,000 of common stock and approximately $4,000,000 of debentures. **Business** — The company makes polystyrene and polyurethane for insulation and processes marble for construction. **Proceeds**—For expansion to meet $10,000,000 backlog. **Office**—250 Vreeland Ave., Paterson, N. J. **Underwriter**—To be named.

Circle Controls Corp.
Aug. 20, 1960 it was reported that a letter of notification is expected covering 75,000 shares of common stock. **Proceeds** — For general corporate purposes, including expansion and the establishment of sales organizations. **Office**—Vineland, N. J. **Underwriter**—L. C. Wegard & Co., Levittown, N. J. **Registration**—Expected in September.

Citizens & Southern Small Business Investment Co.
Aug. 5, 1960 it was reported that the company is now contemplating a public offering of its securities, possibly $1½ million of common stock. **Office**—Atlanta, Ga.

Colorado Interstate Gas Co.
July 28, 1960 the company reported that debt financing of $70,000,000 is contemplated. Precise timing depends on final FPC approval. **Office**—Colorado Springs, Colo.

Columbus & Southern Ohio Electric Co.
June 13, 1960, it was reported that this utility plans the sale of about 200,000 shares of common stock to raise approximately $8-$9,000,000, with the timing set for the last quarter of this year, sometime after the November elections. **Proceeds**—For expansion purposes. **Office** —215 N. Front St., Columbus 15, Ohio.

Consolidated Edison Co.
May 15 it was indicated by H. C. Forbes, Chairman, at the annual meeting of stockholders, that common stockholders may get rights to subscribe to convertible debentures or common stock in the Fall. This type of financing would be contingent upon the ability of the company to get its presently outstanding 4% debentures converted into common stock. Con Edison this year will spend about $225,000,000 on new construction compared with $222,000,000 in 1959 and $189,000,000 in 1958. For the five years through 1964, Mr. Forbes estimated that the utility would spend $1.2 billion for plant expansion. To finance the five-year program he said the company will have to issue some $800 million of securities of one kind or another.

Consumers Power Co.
April 29 the company asked the Michigan Public Service Commission for permission to issue and sell securities with base value of $73,101,600. The company proposes to issue and sell first mortgage bonds in the amount of $35,000,000 maturing not earlier than 1990 for the best price obtainable but not less favorable to the company than a 5¼% basis. The mortgage bonds are expected in the last quarter of the year, perhaps in October. **Proceeds**—To be used to finance the continuing expansion and improvement of the company's electric and gas service facilities in a 65-county area outside of Greater Detroit. **Underwriter**—To be determined by competitive bidding. Probable bidders: For bonds—Halsey, Stuart & Co. Inc.; White, Weld & Co., and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp., and Harriman, Ripley & Co., Inc.

Cove Pharmaceutical Laboratories
Aug. 29, 1960 it was announced that imminent registration is expected of the company's first public offering of common stock. **Business**—The distribution of vitamins through department stores. **Proceeds**—For general corporate purposes. **Office**—Glen Cove, L. I., N. Y. **Underwriter**—Hill Thompson & Co., Inc., New York City, N. Y.

Custom Craft Industries
July 13, 1960 it was reported that the company plans a regulation "A" filing sometime soon. **Proceeds**—For general corporate purposes. **Office**—Miami, Fla. **Underwriter** —Plymouth Securities Corp., New York City.

● Dallas Power & Light Co.
Sept. 7, 1960 it was reported that the company will issue $15,000,000 of bonds sometime during the first half of 1961. **Office**—1506 Commerce Street, Dallas, Texas. **Underwriter**—To be determined by competitive bidding. Probable bidders: To be named.

Dynacolor Corp.
Aug. 22, 1960 it was reported that new financing will take place in November or December. **Office**—1999 Mt. Read Blvd., Rochester, N. Y. **Underwriter**—The company's initial financing was handled by Lee Higginson Corp., New York City.

● Electronics International Capital Ltd.
July 26, 1960 it was reported that this company, which expects to incorporate in Bermuda, is planning its initial financing to occur later in the year. **Proceeds** — To acquire major equity positions in large and medium-size electronics companies outside the United States. **Underwriter** — Bear, Stearns & Co., New York City. **Note**—Sept. 1 it was announced that the company is seeking permission from the SEC to register as an investment co., and a hearing may be requested until Sept. 15.

Florida Power & Light Co.
June 1 it was announced that the company anticipates further financing in the fall of 1960 approximating $25,000,000 of an as yet undetermined type of security, and estimates that in 1961 it will require approximately $50,000,000 of new money. This company on May 31 floated a 400,000 common share offering through Merrill Lynch, Pierce, Fenner & Smith Inc. and associates at a price of $59.125 per share.

Florida Power Corp. (10/20)
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility. **Proceeds**—For new construction and repayment of bank loans. **Underwriter** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Blyth & Co. (jointly). **Information Meeting** —Scheduled for Oct. 17 at 11:00 a.m. at Morgan Guaranty Trust Co. **Bids**—Expected to be received on Oct. 20.

Ford Motor Credit Co.
March 28 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur later this year. **Office**—Detroit, Mich.

Foto Chrome Co.
Aug. 17, 1960, it was reported that a common stock filing is in the offing. **Underwriter**—Shearson, Hammill & Co.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting** — Scheduled for Oct. 31 between 10:00 a.m. and 12 noon, in room 1600, 250 Park Ave., New York City.

● Hawaiian Electric Co.
July 25, 1960 it was reported that in addition to the rights offering currently being made (see "Securities in Registration"), this utility contemplates further financing through the issuance of 250,000 shares of $20 par preferred stock ($5,000,000), perhaps to occur sometime this fall. **Office**—Honolulu, Hawaii.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is being discussed. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

Houston Lighting & Power Co.
March 22 it was announced in the company's annual report that it anticipates approximately $35 million in new money will be required in 1960 to support the year's construction program, and to repay outstanding bank loans. Studies to determine the nature and timing of the issuance of additional securities are presently under way. Last August's offering of $25,000,000 of 4⅞% first mortgage bonds was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler. **Office** — Electric Building, Houston, Texas.

Idaho Power Co. (11/15)
March 30 it was reported that the company plans to issue and sell $15,000,000 of first mortgage bonds due 1990. **Proceeds** — For capital expenditures, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp. **Bids**—Expected to be received on Nov. 15.

Indianapolis Power & Light Co.
According to a prospectus filed with the SEC on Aug. 25 (see "Securities Now in Registration"), the company plans the sale of about $14,000,000 of additional securities in 1963. **Office**—25 Monument Circle, Indianapolis, Ind.

International Mining Corp.
It was announced June 1, 1960 in the 1959 Annual Report of International Mining Corp. that the corporation intends to issue $10,830,000 of 7% secured serial notes in connection with its merger with Canton Co. of Baltimore, which will be the name of the surviving corporation. It is expected that the notes will be issued shortly at par, and will mature at the rates of $1,000,000 annually for one to three years, $500,000 annually for four to nine years, and $4,830,000 the 10th year after the merger. **Office**—535 Fifth Avenue, New York City. **Underwriter**—None.

● Interstate Vending Co.
Aug. 16, 1960 it was reported that the company is planning imminent registration of approximately $4,000,000 of common stock. **Office**—Chicago, Ill. **Underwriter**—Bear, Stearns & Co.

Iowa Electric Light & Power Co.
March 11 President Sutherland Dows stated that bonds would be sold in order to supplement money to be obtained from temporary bank loans, to acquire the $10,000,000 required to finance 1960 construction. **Office**—Cedar Rapids, Iowa.

Iowa-Illinois Gas & Electric Co.
June 23, 1960, it was announced that the company's sale of $15,000,000 of first mortgage bonds in April of this year will carry it through the better part of 1960. The company plans some bank borrowing before the end of the year and expects to be in market again sometime in 1961, probably also for senior debt securities.

Laclede Gas Co.
May 10 it was announced that in addition to the $15,000,000 of new capital provided by the July bond-equity financing, $33,000,000 will come from later sale of securities other than common stock and from retained earnings.

Lone Star Gas Co.
Aug. 3, 1960, it was reported that about $37,000,000 will be raised to cover capital requirements over the next year. **Office**—301 So. Harwood Street, Dallas 1, Texas.

★ Loral Electronics Corp.
Sept. 1, 1960 it was reported that November registration is expected of up to $5,000,000 of convertible debentures. **Office**—New York 72, N. Y. **Underwriter**—Lehman Bros., New York City. **Offering**—Expected in December.

Louisville Gas & Electric Co. (10/18)
April 27 it was reported that this company plans the issuance and sale of $16,000,000 of first mortgage bonds. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Kidder, Peabody & Co. and Goldman, Sachs & Co. (jointly). **Bids** —Expected to be received on Oct. 18.

Martin Paints & Wallpapers
Aug. 29, 1960 it was announced that registration is imminent of the company's first public offering, which is expected to consist of about $650,000 of convertible debentures and about $100,000 of common stock. **Proceeds** —For expansion, including a new warehouse and additional stores. **Office**—153-22 Jamaica Ave., Jamaica, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York City, N. Y.

Merrimack Essex Electric Co. (11/16)
July 19, 1960, it was reported that this subsidiary of the New England Electric System plans to sell an initial series of $7,500,000 of preferred stock. **Office** — Salem, Mass. **Underwriter** — To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith and Eastman Dillon, Union Securities Co. (jointly); First Boston Corp. **Bids**—Expected to be received on Nov. 16. **Information Meeting**—Scheduled for Nov. 4.

Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

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Missouri Pacific RR. (9/19)
Aug. 17, 1960 it was reported that the road is planning the sale of $3,975,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Bidders—Halsey, Stuart & Co. Inc., and Salomon Bros. & Hutzler. **Bids**—Expected to be received on Sept. 19 up to 1:00 p.m.

National Airlines
Aug. 23, 1960, it was reported that about $20,000,000 of new financing, possibly in the form of one $100 convertible debenture for each seven shares of common held, is expected. **Business**—National Airlines is the country's 10th largest air carrier, based on 1959 operating revenues. **Office**—Miami, Fla. **Underwriter**—Lehman Brothers, New York City (managing).

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

★ New Jersey Bell Telephone Co. (11/15)
Sept. 1, 1960 approval was obtained from the New Jersey Board of Public Utility Commissioners for the sale of $20,000,000 of 40-year debentures. **Proceeds**—To reduce indebtedness and to supply funds for capital expenditures, which are expected to reach a record high of $105,000,000 in 1960. **Office**—Newark, N. J. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Morgan Stanley & Co.; First Boston Corp. **Bids**—Expected Nov. 15.

Northern Natural Gas Co.
It was reported on Aug. 2, 1960 that the utility is contemplating issuing $30,000,000 of debentures in the Fall. **Office**—Omaha, Neb.

Northern States Power Co. (Minn.) (12/6)
May 11 it was reported that the company plans the issuance and sale of $35,000,000 of 30-year first mortgage bonds. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly). Bids—Expected to be received by Dec. 6.

One Maiden Lane Fund, Inc.
Aug. 29, 1960 it was reported that registration is expected on or about Oct. 15 of 300,000 shares of common stock. **Business**—This is a new mutual fund. **Proceeds**—For investment, mainly in listed convertible debentures and U. S. Treasury Bonds. **Office**—1 Maiden Lane, New York 38, N. Y. **Underwriter**—G. F. Nicholls Inc., 1 Maiden Lane, New York 38, N. Y.

Orange & Rockland Utilities, Inc.
April 18 it was stated that the company presently expects that such part of its construction program through 1962 and the refunding of $6,442,000 series B bonds maturing in 1961 as is not financed by the sale of the company's 39,165 shares of its convertible cumulative preferred stock, series E, 5% (par $100) will be financed from the proceeds of sale in 1961, subject to market conditions, of $10,000,000 of its first mortgage bonds, from depreciation and retained earnings and, to the extent of any remaining balance, from the proceeds of additional short-term borrowings.

Otter Tail Power Co.
July 27, 1960, Albert V. Hartl, executive Vice-President of this utility told this newspaper that an issue of $6,000,000 of first mortgage bonds is contemplated, although "plans for implementation of this project during 1960 are as yet indefinite, and there is a distinct possibility that it might be postponed to 1961." **Office**—Fergus Falls, Minn.

Pacific Gas & Electric Co. (11/1)
Aug. 24, 1960, it was announced that the California utility intends to sell $60,000,000 of first and refunding mortgage bonds. **Proceeds**—For general corporate purposes, including the payment of bank loans incurred for expansion, which expense will approximate $152,000,000 in 1960. **Office**—245 Market Street, San Francisco 6, Calif. **Underwriter**—To be determined by competiitive bidding. Probable bidders: Blyth & Co., Inc., and First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly). **Bids**—Expected to be received on Nov. 1.

Pacific Lighting Gas Supply Co. (10/19)
Aug. 29, 1960 it was announced that registration is expected on Sept. 9 of $25,000,000 of sinking fund debentures, due 1980. **Business**—The issuer is a subsidiary of Pacific Lighting Corp., San Francisco, Calif. **Proceeds**—To finance current construction and repay short-term loans. **Office** — 720 W. 8th Street, Los Angeles, Calif. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly).

Philadelphia Aquarium Co.
June 15, 1960, it was reported that the company plans to sell about $2,000,000 of debentures and common stock to finance an aquarium in Fairmont Park, Philadelphia, which would be city-owned and company-operated under a lease. Underwriter—Stroud & Co., Inc. of Philadelphia, Pa. and New York.

• Pittsburgh & Lake Erie RR. (9/15)
Aug. 17, 1960 it was reported that the road is planning the sale of $5,000,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Bidders—Halsey, Stuart & Co. Inc., and Salomon Bros. & Hutzler. **Bids**—Expected to be received on Sept. 15, up to 12 noon.

Polymer Corp.
Aug. 2, 1960 it was reported that the company plans to file $3,500,000 of convertible debentures shortly. **Office**—Reading, Pa. **Underwriters** — White, Weld & Co. of New York City and A. G. Edwards & Sons of St. Louis, Mo. (jointly).

Potomac Electric Power Co.
March 21 it was stated in the company's annual report it is anticipated that their 1960 construction program will amount to $39 million and there will be further financing of about $15 million of an as yet undetermined type. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Co. of New Hampshire (11/15)
Aug. 29, 1960 it was reported that the company plans an issue of $6,000,000 of bonds. **Office**—1087 Elm Street, Manchester, N. H. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected Nov. 15.

Public Service Electric & Gas Co.
July 26, 1960 it was reported that in addition to the $50,000,000 to be obtained from the Sept. 20 bond offering, $95,000,000 more will be needed to complete the 1960 construction program. Further financing is expected later in the year, with the type and timing as yet undetermined.

Ritter Co., Inc.
July 6 it was reported that this company plans to consolidate some $2,500,000 of funded debt, possibly through a private placement, pursuant to which a bond issue may be expected. **Underwriter**—Lehman Brothers, New York City.

Rochester Gas & Electric Corp.
Aug. 1, 1960 it was reported that $15,000,000 of debt financing is expected in the spring of 1961, perhaps in March. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.

Scharco Manufacturing Co.
Aug. 20, 1960 it was reported that a letter of notification is imminent covering 60,000 shares of common stock. **Proceeds**—For general corporate purposes, including acquisitions and expansion. **Business** — The firm makes baby carriages, play pens, and related items. **Office**—Mt. Vernon, N. Y. **Underwriter** — L. C. Wegard & Co., Levittown, N. J.

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made this summer. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

Southern Natural Gas Co.
April 4 it was stated in the company's annual report that the company expects to provide for the payment of certain outstanding notes through the issuance of first mortgage bonds and other debt securities. The timing of the issue or issues was not stated in the report. **Office**—Birmingham, Ala.

• Southern Pacific Co. (9/27)
Aug. 17, 1960 it was reported that the road is planning the sale of $7,500,000 of equipment trust certificates, series No. 10, dated Aug. 1, to mature in 15 equal annual instalments from Aug. 1, 1961. **Proceeds**—The proceeds will represent approximately 80% of the cost of 747 freight cars. **Underwriter**—To be determined by competitive bidding. Bidders—Halsey, Stuart & Co., Inc., and Salomon Bros. & Hutzler. **Bids**—Expected to be received on Sept. 21 up to noon (EDT).

Southwestern Public Service Co.
Aug. 9, 1960, it was reported that in February, 1961, the company expects to offer about $12,000,000 in bonds and about $2,000,000 in preferred stock, and that about one year thereafter a one-for-twenty common stock rights offering is planned, with the new shares priced about 6½% below the then existing market price of the common. Office—720 Mercantile Dallas Building, Dallas 1, Texas.

Tennessee Valley Authority
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for sometime in the Fall. May 13 it was announced that about $50,000,000 of additional revenue bonds will be offered in the Spring of 1961. The type of bond issued will depend on market conditions. Proceeds—To finance construction of new generating capacity. Power Financing Officer: G. O. Wessenauer. Financial Advisor: Lehman Brothers. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., First National City Bank of New York, Equitable Securities Corp. and Smith, Barney & Co. (jointly); First Boston Corp., Lazard Freres & Co., Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Chase Manhattan Bank and Morgan Guaranty Trust Co. of N. Y. (jointly); and Blyth & Co. and J. C. Bradford & Co. (jointly). **Note**—A ruling on Aug. 4 by the U. S. Treasury Dept. will permit small dealers who have not registered with the SEC and who are not members of the NASD to sell TVA bonds.

Thermadyne
Aug. 20, 1960 it was announced that a letter of notification is expected covering 75,000 shares of common stock. **Business**—The company makes and distributes plastics and resins for the missile, electronic, and boating industries. **Office**—Hialeah, Fla. **Underwriter**—L. C. Wegard & Co., Levittown, N. J. **Registration**—Expected in September.

Trans World Airlines, Inc.
April 8 it was announced that the company plans to offer to its stockholders $100,000,000 of subordinated income debentures with detachable common stock purchase warrants, and Hughes Tool Co. (parent) will purchase not only its pro-rata portion ($78,000,000) but also enough of any debentures not taken up by others to provide TWA with at least $100,000,000. **Proceeds** — Together with $190,000,000 proposed private placement which is presently being worked on by this company's bankers, will be used for expansion of the company's jet fleet. **Underwriters**—Dillon, Read & Co., Inc., Lazard Freres & Co., and Lehman Brothers, all of New York.

United Gas Corp. (10/31)
Aug. 29, 1960 it was reported that registration is imminent of $30,000,000 of sinking fund debentures, due 1980, and $30,000,000 of first mortgage bonds. **Office** — 1525 Fairfield Avenue, Shreveport, La. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co., and Goldman, Sachs & Co. (jointly); White, Weld & Co. and Equitable Securities Corp. (jointly). **Bids**—Expected Oct. 31.

Vogue Instrument Corp.
Aug. 24, 1960, it was reported that a Regulation "A" filing is expected. **Business** — The corporation makes electronic components and potentiometers. **Office**—381 Empire Boulevard, Brooklyn, N. Y. **Underwriter**—S. S. Samet & Co., Inc., 170 Broadway, New York City.

Waldbaum, Inc.
May 11 it was reported that public financing is being contemplated by this supermarket chain. No confirmation was obtainable. Office—2300 Linden Blvd., Brooklyn, New York.

West Ohio Gas Co.
June 24, 1960, it was announced that the company anticipates, that in order to carry out its 1960 construction program it will consummate long-term financing during the year to provide additional funds in the approximate sum of $400,000.

Whippany Paper Board Co.
July 19, 1960, it was reported that this New Jersey company plans to register an issue of common stock in September. **Underwriter**—Van Alstyne, Noel & Co., New York City.

Winona Wood Products Co.
Aug. 24, 1960, it was reported that a full filing of class A common stock is contemplated. **Business**—The company makes wood cabinets for household and industrial use. **Office**—Winona, N. J. **Underwriter**—Metropolitan Securities Inc., Philadelphia, Pa. **Registration**—Expected in late October.

Winter Park Telephone Co.
May 10 it was announced that this company, during the first quarter of 1961, will issue and sell approximately 30,000 additional shares of its common stock. This stock will be offered on a rights basis to existing stockholders and may or may not be underwritten by one or more securities brokers. Future plans also include the sale of $2,000,000 of bonds in the second quarter of 1961. Office—132 East New England Ave., Winter Park, Fla.

Wisconsin Electric Power Co.
Aug. 2, 1960 it was reported that the company plans to sell $30,000,000 of first mortgage bonds sometime later in the year. **Office**—Milwaukee, Wis. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith and Equitable Securities Corp. (jointly); Glore, Forgan & Co., Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co., Inc. (jointly); The First Boston Corp., Lehman Brothers and Salomon Brothers & Hutzler (jointly); Blyth & Co.

Zurn Industries, Inc.
July 19, 1960, it was reported that 250,000 shares is expected to be filed shortly for the accounts of the company and selling stockholders. **Business**—The manufacture of mechanical power transmission equipment, fluid control devices, and building plumbing drainage products. **Proceeds**—For general corporate purposes. **Office**—Erie, Pa. **Underwriter**—Lee Higginson Corp. of New York City.

NSTA NOTES

NSTA CONVENTION

More than 500 members of the National Security Traders Association will meet at Sun Valley, Idaho, starting Sunday, Sept. 11, for their 27th Annual Convention.

Highlight of the four-day Convention, which will attract investment dealers from coast to coast, will be a luncheon address Sunday, by George Romney, President of American Motors.

Next year's officers for the 4,700-member organization will be elected Wednesday, Sept. 14, the final day of the meeting. Edward J. Kelly, Carl M. Loeb, Rhoades & Co., New York City, is the outgoing President.

A special train moving via Milwaukee and Union Pacific Railroads to the Idaho sports resort will leave Chicago Friday afternoon.

NSTA CONVENTION RESERVATIONS

Following is a list of additional reservations received for the National Convention of the National Security Traders Association to be held at Sun Valley, Idaho, Sept. 11-14.

Bernard Tompkins	*Tompkins, Lauren & Edelkertz*	New York, N. Y.
Frank E. Flotron	*E. L. Zoernig & Co.*	St. Louis, Mo.
*Paul Yarrow	*Walston & Co., Inc.*	San Mateo, Calif.
Derry M. Hilger	*Rauscher, Pierce & Co.*	Dallas, Texas
*E. E. Parsons, Jr.	*Parsons & Co., Inc.*	Cleveland, Ohio
*R. M. Disbro	*Disbro & Co.*	Willoughby, Ohio
*Edward J. Opper	*J. B. Maguire & Co.*	Boston, Mass.
Warren H. Elges	*A. M. Kidder & Co., Inc.*	New York, N. Y.
Mrs. Frank X. Cummings	*Bear, Stearns & Co.*	Chicago, Ill.
*C. D. Mahoney	*C. D. Mahoney Co.*	Minneapolis, Minn.
Arthur C. Sacco	*Webster, Marsh & Co.*	Chicago, Ill.
C. Merritt Coleman	*Allen & Company*	New York, N. Y.
Ludwell A. Strader	*Strader & Co., Inc.*	Lynchburg, Va.
James G. Porter	*Warner, Jennings, Mandel & Longstreth*	Philadelphia, Pa.
*James G. Fraser	*Stern, Frank, Meyer & Fox*	Los Angeles, Calif.
Frank J. Murray	*Laird, Bissell & Meeds*	New Haven, Conn.
*Nieland B. Van Arsdale	*Blyth & Co., Inc.*	Los Angeles, Calif.
William E. Maguire	*Stroud & Co., Inc.*	Philadelphia, Pa.
*Richard Shipman	*Richter & Co.*	New York, N. Y.
John C. Hecht, Jr.	*Dempsey-Tegeler & Co.*	San Francisco, Calif.
*Herman G. Mell	*Smith, Barney & Co.*	Chicago, Ill.
Laurence Frazier	*Laurence Frazier & Co.*	New York, N. Y.
*William J. Gratza	*Westheimer & Co.*	Chicago, Ill.

* Mr. & Mrs.

Bankers Today Must Look At Their Common Problems

Continued from page 14

tion—something which comes to me quite naturally after having served in the Congress for 26 years—I shall take up another point: national legislation.

The Congress that recessed, prior to the conventions has not yet finished its work. More than 17,000 bills and resolutions were introduced during the 86th Congress. Out of this maze of legislative thinking, I would estimate that more than 100 bills could be labelled as banking and finance proposals. Some of these ideas are well thought out, others are the pet schemes of planners and pressure groups. Only a small fraction of all these bills will be able to survive the delays, referrals, committee hearings and opposition that wells up when a bill finally comes to the floor of either House of Congress.

Some of the proposals are well ahead of their time; others are keyed to today's circumstances and political trends. As history shows, the deposit insurance idea first came to light as a legislative proposal in the 49th Congress, back in 1886—and was not enacted into law until 1933. About 150 bills were introduced during the 47-year period between the conception of the idea and the final enactment of the proposal in the form of the Federal Deposit Insurance Act.

Banking has traditionally been recognized as a business which has close public interest ties, and which is peculiarly subject to examination and regulation. In fact, both Houses of Congress early recognized the importance of the field by creating standing committees on Banking and Currency. To these committees come the matters which will eventually affect the banking business, and which will affect the supervisory agencies.

This session of Congress, following the leadership of both of its Banking and Currency committees, enacted legislation which will have a direct impact on bank operations and the work of the Corporation.

I am sure that all bankers know of the enactment into law of the bank merger bill, which amended the Federal Deposit Insurance Act to provide safeguards against mergers and consolidations of banks, where there might be a lessening of competition or the tendency to create a monopoly.

We were pleased, too, with the forthright and timely action on the assessment bill, an idea proposed by the Corporation a number of years ago to simplify the task of determining and computing semi-annual certified statement and assessment return.

The enactment of this proposal by the Congress will help reduce your paper work, financial cost and man-hour requirements for the computation of assessments. In addition, it will now be possible for the Corporation to reduce its audit costs, and to complete an annual verification on assessments reported by the banks. In the past we have audited on a selective basis only about 1,000 banks, out of the more than 13,000 insured institutions, over a three-year period.

I would like to discuss some of the proposals pending before Congress which have not fared too well, but which might be revived and given attention in the future.

Proposals to Change FDIC

The status of the Corporation is continually under Congressional fire as I have already indicated. Some of these proposals would enlarge the Board of Directors from three to five members; another bill would prohibit the Comptroller of the Currency and any members of the Board of Governors or staff of the Federal Reserve System from serving on the Corporation's board.

Another bill proposed this session of Congress would require public hearings prior to determination and actions of the board on applications coming before it on such matters as admitting banks to insured status and the opening of branches.

There has been proposed a plan to allow all banks to join the Federal Reserve System upon payment of a nominal fee of $10. Bank holding company operations would be limited by a bill prohibiting the approval of such operations where they are opposed by State authority.

There are proposals for a national system of mutual savings banks, a central credit union facility, and equality of taxation among financial institutions.

There are bills which would amend the Employment Act to make stability of prices an explicit aim of government economic policy; then, there are bills which would remove the current 4¼% ceiling on long-term government bonds; and still another bill would require all lenders to state separately the finance charges on loans, both on amount and in terms of the simple rate of interest.

Few of these bills I have mentioned have been enacted into law, although some continue to make progress. In the field of banking I feel that we have fared well during the 86th Congress. This is due in great measure to the bringing up to date and recodification work undertaken by the Senate Banking and Currency Committee under the leadership of Senator Willis Robertson of Virginia, Chairman of the Committee.

His sponsorship of the Financial Institutions Act of 1957 and continued attention to the need for modernized laws and regulations stand as landmarks for banking legislation.

Although the Financial Institutions Act did not receive consideration by the House, the Act did serve as the base point from which Congress went ahead with a "piecemeal" updating of laws affecting banking. In quick order, bills were passed to liberalize the lending powers of National banks; reserve requirements of Federal Reserve member banks were reduced in certain areas and under certain conditions. The relationship of savings and loan associations to holding companies has now been defined. The Federal Credit Union Act has been amended. Other bits and pieces of the Financial Institutions Act of 1957 have been picked up in other bills and enacted into law, or are today moving forward as items separated from the former omnibus bill.

I earlier mentioned other bills more directly concerned with Federal Deposit Insurance Corporation which were enacted into law this past year.

Adds One Somber Note

So, in any summing up, we can safely conclude that we have had two good years on The Hill in Washington.

But in this cheerful report I must add one somber note. Based on my own experience in Congress, and from first-hand observation, I would say that the banking fraternity has fared well; however, there are many ideas, plans or bills proposed, or on the legislative drafting boards, which could seriously affect the banking business.

Not all of these proposals will see the light of a Congressional Committee hearing or get to the floor of the House or Senate for consideration; but some will survive the long and difficult journey to the President's desk and will be enacted into law. In order to carry out responsibilities as a good citizen and banker in one's community, bankers should be aware of these proposals and legislative developments. Being well-informed, articulate and active in one's community on state and national affairs is a civic responsibility which should not be overlooked.

Bankers dedicated to the general welfare, with certain public responsibilities and community leadership duties, must re-dedicate themselves to the belief that private commercial banking is the principal banking system for this country, and that within our nation's finance industry, we all have a great number of interests in common.

To survive in the world of business we must serve, and to serve we must put aside the minor differences that from time to time divide us. We must look forward to the larger goal of maintaining a sound, free and independent financial system for the overall good of the nation's economy.

After looking closely at our common problems in banking, let me sum up by again stressing the need for continued attention to the developing problems of good bank management. I want to re-emphasize the important role that bankers play in the vital work of the Federal Deposit Insurance Corporation's efforts to safeguard the money supply by maintaining a stable banking system and thereby promoting a sound financial economy. And, finally, I want to add to my remarks on national legislation the hope that bankers will become more completely concerned with the dynamics of public affairs.

Proper judgment and action on these three important matters will do much to shape the future of the banking industry.

*An address by Mr. Wolcott before the West Virginia Bankers Association, Charleston, W. Va.

Ehrlich Research Dir. of Neuberger & Berman

Neuberger & Berman, 120 Broadway, New York City, members of the New York Stock Exchange, announced that Dr. Harold B. Ehrlich is now associated with the investment firms as director of research.

Milius Admits Kahrhoff

CLAYTON, Mo.—Robert E. Kahrhoff has been admitted to partnership with William B. Milius in William B. Milius and Co., 101 South Meramec Avenue.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — The biggest political dunce caps of the year belong on the heads of a couple of Texans, Lyndon B. Johnson and Sam Rayburn.

These two gentlemen, majority leader of the Senate and the speaker of the House of Representatives, respectively, are solely responsible for the post political conventions session which was a flop from beginning to end.

Of course as it was pointed out here earlier before the session started, it should never have been held because the air was charged with heavy partisan politics.

Now that the dog-days session is at an end it is clear the heaviest losers were Senate Majority Leader Johnson, first, and Senator John F. Kennedy, the Democratic presidential candidate, and then perhaps Speaker Rayburn.

The post-convention session proved that Mr. Johnson, the vice presidential candidate of the Democrats, is not near as effective as his build up before the Los Angeles convention portrayed, and second, Senator Kennedy was not nearly as influential as he perhaps expected to be after his nomination as the party standard bearer.

Loss of Prestige for Johnson

There is no way on earth to prove it, but from all indications and purpose of the post-convention session was designed to help Senator Johnson's presidential aspirations. Senator Johnson and Speaker Rayburn as "old pros" were pretty sure that Johnson was going to get the nomination.

Even on the day that Mr. Kennedy got the nomination on the first ballot they thought, at least they said so, along with a lot of other professional politicians in Congress, that Johnson had a favorable chance of getting the nomination. But they took a beating in Los Angeles, and they took a second one in the dog-days session on Capitol Hill.

The brief session resulted in further loss of prestige for Mr. Johnson. Despite all of the hullabaloo down in Texas over the possibility that Texas might go Republican, Nov. 8, chances are that the Lone Star State will roll up a majority for its favorite son, Mr. Johnson, and for Senator Kennedy.

Should the dissatisfaction prove strong enough, Senator Johnson could lose further prestige. The Majority Leader does not appear to be in any danger of losing his Senate seat to a Republican, however. Incidentally his name will be voted upon by Texans in the forthcoming general election both as a vice president and as a senator. If he wins the post of vice president he will resign from the Senate, and Texas Gov. Price Daniel will subsequently call a special Senate election to fill his seat.

Senator Kennedy hoped to pick up some powerful strength at the short session. He immediately plunged in, as he indicated he would do before his nomination, and tried to get some vote getting legislation passed quickly. Some of the proposals were based on the liberal Democratic platform adopted at Los Angeles.

However, Senator Kennedy, a personable gentleman and a man of his word in politics, fell down or got little or nothing from his efforts on minimum wage, old age assistance, Federal aid for school construction, and housing.

The New Englander says he is going to take his set-back to the people. By this he means he will seek to get the people to rally behind him so his legislative proposals will have a favorable chance in the next session.

What the Facts Are

The facts are the conservative Southern delegation in Congress has a lot more influence in Congress than it does in a wild and wooly Democratic convention. Southern Senators who are backing the Kennedy-Johnson ticket, stepped in and with the help of Republicans blocked some of the proposals that the Democratic ticket is running on.

Yet Senator Kennedy cannot get up on the stump and say: "Look, the reason I had to eat crow and take crumbs at the session was because of those Southern Senators and the Republicans." He has got to blame it on the Republicans.

Republicans, Too Fail to Gain

Incidentally, the Republicans probably did not gain anything from a strictly legislative standpoint from the post convention session. President Eisenhower in a definite show of counter politics dispatched to Capitol Hill a list of legislative "musts" that got nowhere. He sought to put the Democratic leadership on the spot with their vote-enticing proposals.

When adjournment came neither side had won anything, but Senator Lyndon B. Johnson and House Speaker Sam Rayburn had lost considerable prestige.

Because Congress was controlled about two-to-one at this session by the Democrats, the special session was described by Senator Thruston B. Morton, Chairman of the Republican National Committee, as a resounding failure and disappointment to the people.

Many observers will concur that the session was a failure, but it is doubtful the American people are disappointed. Labor is perhaps disappointed. The AFL-CIO has served notice on one and all that it is going to take its money and its power direct to the people through door bell ringing in November in an effort to get a $1.25 an hour minimum wage bill passed. The proposal also calls for expanding coverage by 4,000,000 persons.

Labor's "Thank-You"

Senator Kennedy, who has the backing of Labor, tried to get the minimum wage increased, on the ground that labor needs to improve its position. AFL-CIO President George Meany in a letter to Mr. Kennedy expressed labor's deep appreciation for the Democratic nominee's efforts on behalf of a higher wage-hour law.

"We are convinced," Meany advised the Massachusetts Senator, "that effective meaningful wage-hour improvements can and will be enacted by Congress when there is strong, positive leadership to this end in the executive department. We intend to do our utmost to insure that such leadership, which you so ably typify, will be at the nation's service next January."

The Department of Labor would like to see a minimum wage-hour law improvement. The Department came out with a report the other day that said that a city worker with a wife and two children needs an income of from $103 a week in Houston, the nation's sixth largest city, to $126 in Chicago if he is to maintain what the department called "a modest but adequate level of living." The report said the average weekly pay in retail trade is $69 and that of factory production workers is $91.

In addition to failure of the minimum wage bill, another Kennedy proposal that bit the legislative dust was so-called common-site picketing to exempt building trades unions in picketing a joint construction project. The exemption would have been through amendment to the Taft-Hartley law prohibiting secondary boycotts.

The exemption proposal on the House side was approved in committee, but the conservative House Rules Committee let it die there. On the Senate side the Kennedy Labor and Public Welfare Subcommittee approved the bill, but the measure was never reported by the full committee.

If and when Congress approves such an exemption, it would give Labor another powerful force to bring employers to their knees.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

"We are pleased to announce that our Third Vice President, Mr. J. C. Van Goldbrick has been assigned to additional responsibilities."

COMING EVENTS

IN INVESTMENT FIELD

Sept. 8-9, 1960 (Chicago, Ill.)
Municipal Bond Club of Chicago 24th annual Field Day — Sept. 8, Luncheon at Chicago Yacht Club; Dinner at Union League Club—Sept. 9, Field Day at Elmhurst Country Club.

Sept. 8-10, 1960 (Portland, Oreg.)
Pacific Northwest Group of Investment Bankers Association annual meeting at the Sheraton-Portland.

Sept. 11-14, 1960 (Sun Valley, Idaho)
National Security Traders Association Annual Convention.

Sept. 12-13, 1960
Association of Stock Exchange Firms meeting of the Board of Governors at the Statler-Hilton Hotel, Hartford, Conn.

Sept. 12-13, 1960 (Denver, Colo.)
Rocky Mountain Group of Investment Bankers Association meeting.

Sept. 14, 1960 (New York City)
Association of Customers' Brokers annual dinner and business meeting at the Starlight Roof, Waldorf-Astoria.

Sept. 15-16, 1960 (Cincinnati, Ohio)
Municipal Bond Dealers Group of Cincinnati annual outing — cocktails and dinner Sept. 15 at Queen City Club; field day Sept. 16 at Kenwood Country Club.

Sept. 21, 1960 (Minneapolis-St. Paul, Minn.)
Twin City Investment Women's Club meeting and election at The Midway Motor Lodge, St. Paul.

Sept. 21-23, 1960 (Santa Barbara, Calif.)
Board of Governors of Investment Bankers Association fall meeting.

Sept. 23, 1960 (Philadelphia, Pa.)
The Bond Club of Philadelphia 35th Annual Field Day at the Huntington Valley Country Club, Abington, Pa.

Oct. 4, 1960 (Detroit, Mich.)
Bond Club of Detroit Annual Fall Outing at the Lochmoor Country Club, Grosse Pointe Woods, Mich.

Oct. 5, 1960 (New York City)
New York group of Investment Bankers Association of America annual dinner at the Waldorf-Astoria.

Oct. 10-13, 1960 (Pasadena, Calif.)
National Association of Bank Women 38th annual convention at the Huntington-Sheraton Hotel.

Oct. 11, 1960 (Detroit, Mich.)
Michigan Group of Investment Bankers Association meeting.

Oct. 12, 1960 (Cleveland, Ohio)
Northern Ohio Group of Investment Bankers Association meeting.

Oct. 13, 1960 (Cincinnati, Ohio)
Ohio Valley Group of Investment Bankers Association meeting.

October 15, 1960 (New York City)
Security Traders Association of New York annual Fall Dinner Dance in the Grand Ballroom of the Biltmore Hotel.

Oct. 28-29, 1960 (Detroit, Mich.)
National Association of Investment Clubs 10th anniversary convention at the Sheraton-Cadillac Hotel.

Oct. 28-30, 1960 (Hot Springs, Va.)
Southeastern Group of Investment Bankers Association meeting.

Nov. 3-4, 1960 (Miami, Fla.)
Florida Security Dealers Association annual convention at the Key Biscayne Hotel.

Nov. 10, 1960 (Minneapolis, Minn.)
Minnesota Group of Investment Bankers Association meeting.

Nov. 17-18, 1960 (Chicago, Ill.)
American Bankers Association 29th Mid-Continent Trust Conference at the Drake Hotel.

Nov. 27-Dec. 2, 1960 (Hollywood Beach, Fla.)
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.

June 22-25, 1961 (Canada)
Investment Dealers Association of Canada annual meeting at Jasper Park Lodge.